



State of Missouri

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Office of Administration

Division of Budget & Planning

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Capitol Building
Rooms 124/129
Jefferson City, MO 65101
Phone: (573) 751-2345
Fax: (573) 526-4811

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Assistant Director: 573.751.2345

The Missouri Budget - Fiscal Year 2006

Governor's Letter of Budget Transmittal

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January 26, 2005

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

It is critical for the future of this state that we move Missouri in a new direction. We must move Missouri toward conscientious stewardship of the hard-earned tax dollars that Missourians send to their state capitol. The wisdom, energy, innovation, thrift, and commitment to service that are demonstrated by the citizens of this state must be reflected in their government. It is my greatest hope that this budget and enactment of meaningful legislation designed to strengthen our schools and foster job creation will chart a new course for our state – one of hope and prosperity for all.

The spending that this budget does define focuses on several key priorities:

- Increased funding for education. Missouri's Constitution declares that public education must be our first commitment. Even if we were not legally bound, we would be morally bound to serve the children of our state and the families who have placed their confidence in us. My budget reflects this commitment by increasing funding for education by \$170.6 million.
- Achieve a structural balance for state government. Past budgets have relied heavily on special one-time monies without addressing a deep structural imbalance that existed. This budget matches incoming state revenues with expenditures. This, the first of several significant steps toward restructuring state government, improves and solidifies Missouri's financial position.
- Foster economic development. If our state's revenue is to grow to meet our needs, then we must increase the number of quality employment opportunities for Missourians. Future budgets will rely upon economic growth. The budget also reflects my interest in developing nationally leading industries in numerous areas, including technology, biomedical research, life sciences, and renewable fuels.

The budget I submit to you is built around my belief that Missourians pay enough in taxes. I am opposed to increasing the tax burden imposed on the people of this state and my budget reflects that. Our state government must live within its means. This budget rededicates state government to the noble idea that it should function as an innovative, efficient, and conscientious servant of the people.

I am grateful for the confidence Missourians have placed in me and look forward to working with the General Assembly to enact my Fiscal Year 2006 budget and legislative initiatives.

Sincerely,

Matt Blunt

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THE MISSOURI BUDGET

FISCAL YEAR 2006

BUDGET SUMMARY

I. OVERVIEW

Missourians are by nature a prudent, no-nonsense people that expect government agencies to work efficiently and effectively to achieve goals. They rightfully expect their elected leaders to responsibly manage state finances, much in the same way that they handle their own personal finances. Sound management of state resources is essential if Missouri is to progress. The state must limit the number of tasks it takes on, as it cannot be all things to all people. For those functions that it does assume, it must provide the highest level of service with minimal resources. Good, hard-working state employees must be adequately compensated and allowed to be innovative so that they can deliver the high quality service they want to provide. The greatest responsibility of the state is to provide a quality public education to Missouri school children. The Governor's Fiscal Year 2006 Budget takes major steps in improving the services provided to the citizens of the state. In his first year of office, Governor Blunt will take actions to ensure responsible stewardship of taxpayer dollars, make public education a priority, create Missouri jobs, improve the availability of healthcare for Missourians, and protect our citizens from crime. This all can and must be done without increasing the tax burden on Missouri families.

II. REVIEW OF THE FISCAL YEAR 2005 BUDGET

State revenue collections have grown at an anemic pace. Through the first six months of Fiscal Year 2005, net general revenue collections are up by only 2.8 percent. The December revision to the consensus revenue estimate resulted in an increase in estimated growth, rising from 2.3 percent to 3.8 percent. However, the growth revision resulted from a

reduction in the amount of refunds the state expects to pay during the fiscal year rather than increased economic activity. And unfortunately, supplemental appropriations necessary to continue current state programs have proven considerably higher than the amount set aside for that purpose in the Fiscal Year 2005 budget. Consequently, the Fiscal Year 2005 budget remains balanced, but delicately so. Should revenue collections fail to reach forecasted levels, Governor Blunt is prepared to exercise his constitutional duty to restore balance through withholding of funds.

III. THE ECONOMIC OUTLOOK

U.S. Economic Position

The U.S. economic outlook continues to be encouraging. For calendar year 2005, real GDP is expected to rise by 4.0 percent. Employment is expected to grow by another 1.8 percent. Personal income is expected to increase by 5.6 percent, driven by salary gains and accelerating non-wage earnings. Consumer expenditures are anticipated to increase by 5.5 percent. The inflation rate as measured by the Consumer Price Index is expected to be 2.6 percent in 2005, similar to the historically low rates of the past decade. Forecasters anticipate corporations will continue to enjoy robust profit gains. These trends should continue into the first half of calendar year 2006.

The favorable outlook is based on the following factors:

- Energy prices are expected to stabilize. Oil prices declined from historic highs of over \$55 per barrel (unadjusted for inflation) in the fall of 2004 to around \$40 per barrel by year's end. Oil prices are expected to gradually decline through 2005 into the mid-\$30 range.

- Consumer spending, which comprises over two-thirds of U.S. economic output, has remained relatively strong over the last two years despite only modest economic gains. This is expected to continue over the forecast period, based on continued wage growth and low inflation.
- Business spending on capital assets should remain steady.
- Exports are expected to increase as U.S. firms benefit from the selling power of a weak dollar.
- While there have been some recent increases to the federal funds rate, the Federal Reserve has continued to maintain relatively low interest rates. At the end of 2004, the federal funds rate target was 2.25 percent. Economists generally consider a “neutral” federal funds rate to be in the neighborhood of four percent, so the year-end rate is still considered stimulatory.

However, while the U.S. economy continues to rebound, the potential for downside risks remains. For instance:

- If global demand for oil were to increase sharply, oil prices could rise.
- If households decided to increase saving rates substantially, consumer spending could slow.
- If interest rates rose sharply, demand for “big-ticket” items might weaken, triggering higher than expected inflation.
- If foreign investment were to slow significantly, the rate of economic growth in the U.S could be reduced.

Missouri Economic Position

While the national economy has witnessed moderate improvement, the Missouri economy has remained in the doldrums. Missouri has lost tens of thousands of jobs in recent years while other states’ economies have rebounded. From 2001 to 2002, Missouri lost more than 50,000 jobs. In 2002, Missouri lost more jobs than California – the most populous state in the nation and one that has been plagued by significant environmental, economic, and regulatory problems. Missouri has lost jobs to neighboring states because they have tax environments that are more hospitable, regulatory environments that are fairer, schools that are more effective, and a transportation infrastructure that is safer and better maintained. Missouri must be aggressive in growing its economy and adding jobs throughout the state. This cannot happen, however, until the business climate that has eroded in recent years is improved. Governor Blunt’s priorities to enhance the business climate include litigation reform, overhauling the workers’ compensation system, renewing the state’s commitment to agriculture, and improving Missouri’s transportation system. In addition, Governor Blunt will make it a priority to identify specific economic development tools needed to attract and retain businesses. The Governor will undertake a comprehensive review of Missouri’s tax credit programs to ensure that they are accomplishing the desired goals and that those goals are still relevant in today’s fast-moving global economy. Under Governor Blunt, state government will serve as an innovative, effective, and valued partner with Missouri job creators, resulting in a healthier economy and more high quality, family supporting jobs.

ECONOMIC PROJECTION BASED ON CURRENT ENVIRONMENT		
	Increase	
<u>U.S.</u>	<u>Calendar Year 2005</u>	<u>Calendar Year 2006</u>
Real GDP	4.0 %	3.9 %
Total Employment	1.8 %	1.8 %
Unemployment Rate	5.1 %	5.0 %
Personal Income	5.6 %	6.0 %
Consumer Expenditures	5.5 %	5.3 %
Consumer Prices	2.6 %	2.2 %
 <u>MISSOURI</u>		
Total Employment	1.5 %	1.2 %
Personal Income	4.2 %	3.7 %

IV. REVENUE PROJECTIONS FOR FISCAL YEARS 2005 AND 2006

Revenue forecasting is a difficult task under the best of circumstances. Nonetheless, the state must move ahead with its budget based on the best available economic information. Governor Blunt is committed to working constructively with members of the legislature to ensure sound budget policies are followed by the state. As a first step, the Governor worked with legislative leaders to develop a consensus revenue estimate.

This budget will see lackluster general revenue growth in the coming Fiscal Year as a result of the discontinued practice of relying on one time revenue sources. The revised Fiscal Year 2005 and initial Fiscal Year 2006 revenue estimates project net growth of 3.8 percent and 2.9 percent respectively. Fiscal Year 2006 growth will be depressed by two structural changes: the completed phase-out of the estate tax and the implementation of the 2004 transportation ballot initiative known as Constitutional Amendment No. 3. The phase-out of the estate tax and Constitutional Amendment No. 3 are expected to lower collections by \$33 million and \$30.4 million respectively. Also, Constitutional Amendment No. 3 will result in an additional \$31.7 million in costs that must be borne by the general revenue fund.

V. REVENUE LIMITATION AMENDMENT

Article X of the Missouri Constitution established a revenue and spending limit on state government. The limit is about 5.6 percent of Missouri personal income based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2004 were below the total state revenue limit by \$1.4 billion.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Years 2005 or 2006. These preliminary calculations are subject to change as actual state revenue collections

become known and as the federal government revises its estimates of Missouri personal income. These projections could change if the General Assembly were to pass legislation to increase revenue without a vote of the people. Per Article X of the Missouri Constitution, revenue approved by the voters is not subject to the revenue and spending limit.

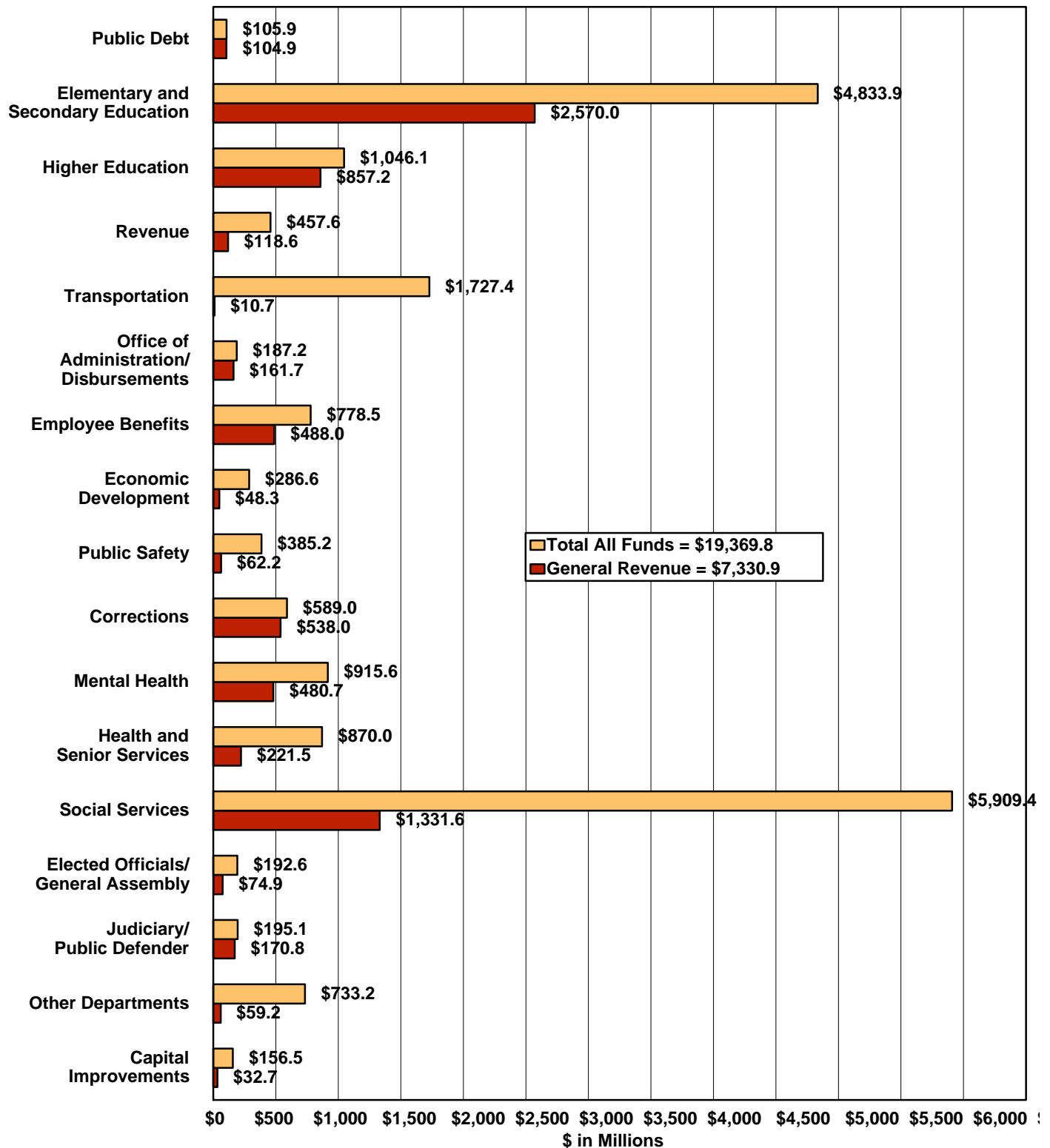
VI. ENSURING STRUCTURAL BALANCE BETWEEN REVENUES AND EXPENDITURES

For several fiscal years, the state of Missouri has used one-time revenue sources to fund ongoing expenses. In previous fiscal years, much of the shortfall caused by the disappearance of one-time funds was made up by a combination of other one-time sources, targeted budget reductions, and increased collections. That type of budgeting has proven unsustainable; it has sunk the state into a budgetary hole from which extrication is extremely difficult. Governor Blunt recognized the danger, stating categorically that the state must stop spending more than the revenues it takes in. He is determined to ensure that it will do so during his term of office. Taking firm aim at a balanced budget, the Governor recommends general revenue core reductions totaling \$357.5 million. Many programs will be reduced, and some will be eliminated.

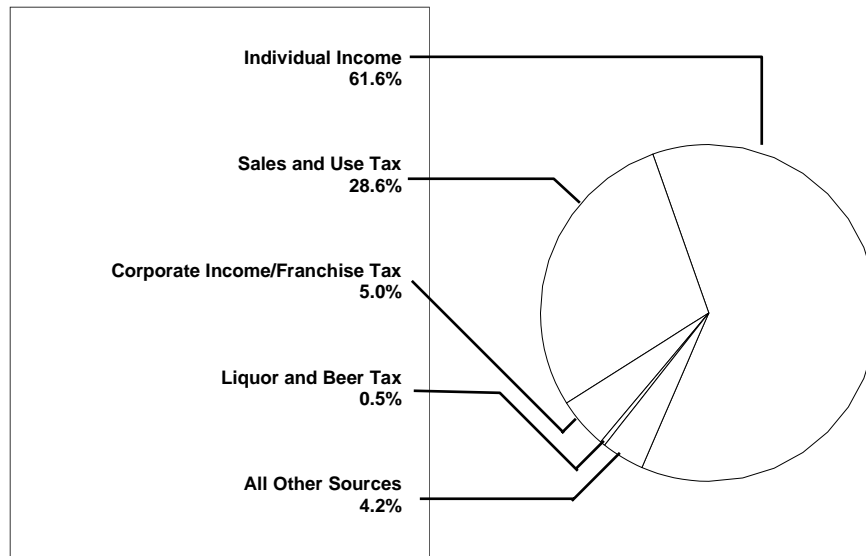
Links to Financial Summaries and Tables:

Financial Year 2006 Budget Recommendations
General Revenue Budget Pie Charts
Total Budget State Pie Charts
General Revenue Receipts and Estimates
General Revenue Summary
Operating and Capital Budget Summary
Supplemental Recommendations—FY2005

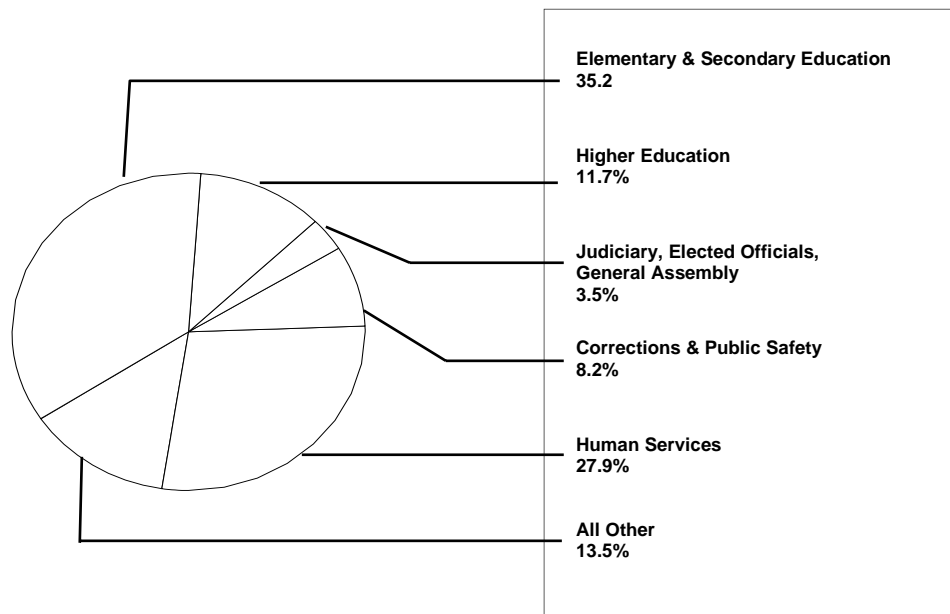
FY 2006 BUDGET RECOMMENDATIONS



**REVENUES
GENERAL REVENUE RECEIPTS
AND TRANSFERS
FISCAL YEAR 2006**

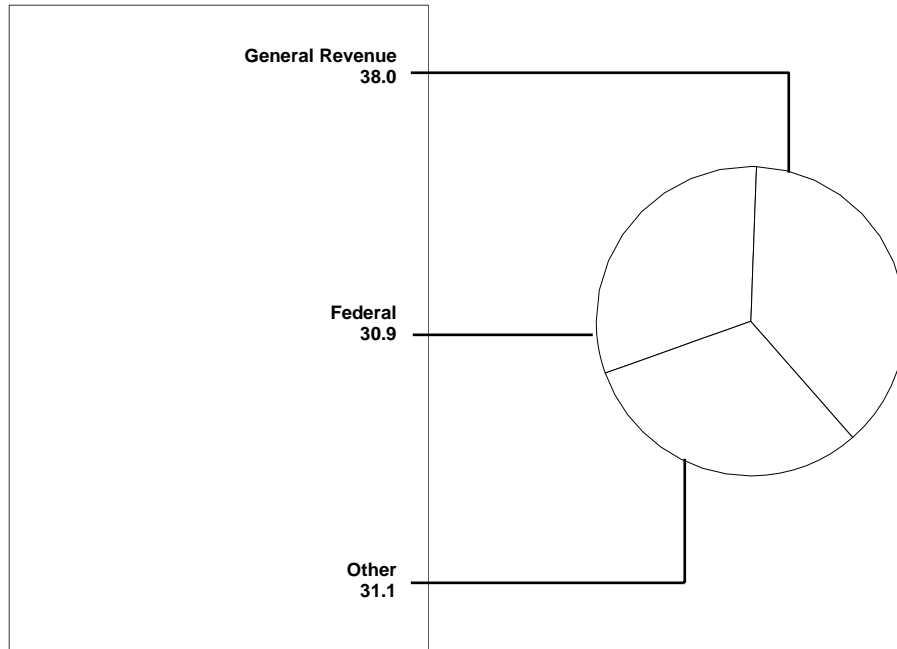


**EXPENDITURES*
GENERAL REVENUE OPERATING BUDGET
FISCAL YEAR 2006**

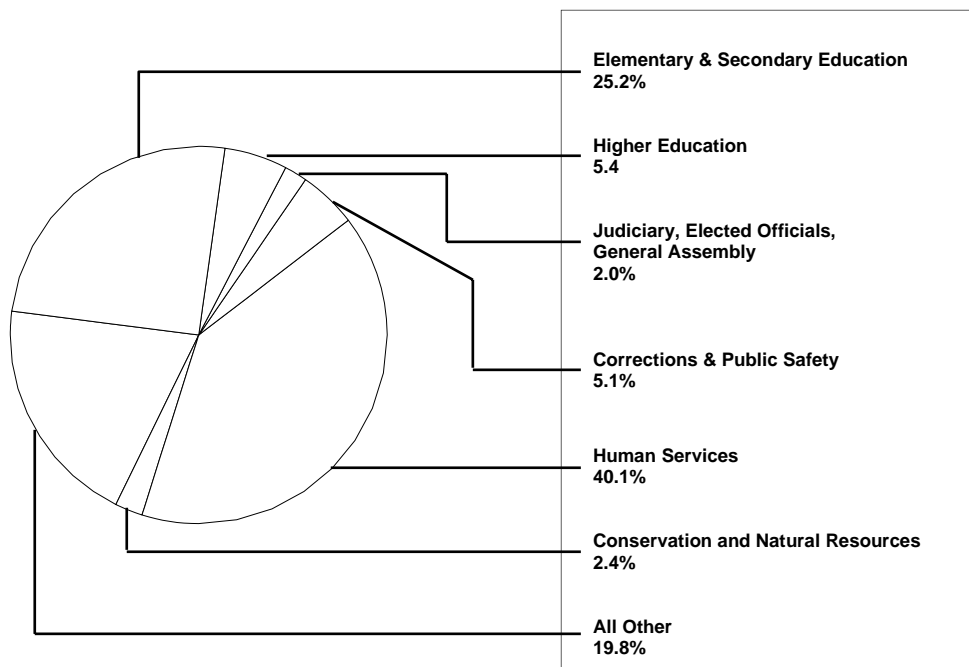


*Excludes refunds

**TOTAL STATE OPERATING BUDGET
SOURCES OF FUNDS*
FISCAL YEAR 2006**



**EXPENDITURES*
ALL FUNDS OPERATING BUDGET
FISCAL YEAR 2006**



*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	<u>Receipts</u> <u>FY 2004</u>	<u>Estimated</u> <u>FY 2005</u>	<u>Governor</u> <u>FY 2006</u>
<u>Collections</u>			
Individual Income Tax	\$ 4,572,189,461	\$ 4,787,800,000	\$ 5,018,500,000
Sales and Use Tax	1,902,373,323	1,974,000,000	2,007,600,000
Corporate Income/Franchise Tax	420,984,627	465,000,000	481,800,000
County Foreign Insurance Tax	162,134,696	166,000,000	169,300,000
Liquor Tax	22,452,147	23,000,000	23,500,000
Beer Tax	8,339,952	8,600,000	8,800,000
Inheritance/Estate Tax	75,115,067	44,000,000	11,000,000
Interest on Deposits and Investments	16,229,645	15,700,000	16,200,000
Federal Reimbursements	87,721,264	85,800,000	87,000,000
All Other Sources	<u>153,283,857</u>	<u>137,900,000</u>	<u>149,000,000</u>
Total General Revenue Collections	7,420,824,039	7,707,800,000	7,972,700,000
Refunds	<u>(1,075,034,967)</u>	<u>(1,119,700,000)</u>	<u>(1,179,200,000)</u>
Net General Revenue Collections	\$ 6,345,789,072	\$ 6,588,100,000	\$ 6,793,500,000
<u>Transfers</u>			
Regular transfers	133,685,312	99,476,727	126,843,159
Revenue Bond transfer	84,643,927	45,000,000	0
Federal Fiscal Relief transfer	178,987,882	0	0
Budget Reserve Fund	25,439,152	0	0
Healthy Families Trust Fund	<u>70,715,848</u>	<u>72,359,059</u>	<u>80,035,320</u>
Total Transfers	493,472,121	216,835,786	206,878,479
Total Net General Revenue Collections and Transfers	\$ 6,839,261,193	\$ 6,804,935,786	\$ 7,000,378,479

GENERAL REVENUE SUMMARY

<u>RESOURCES</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Beginning Balance	\$ 121,650,930	\$ 376,167,466	\$ 939,042
Previous Year's Lapse (1)	94,630,960	112,382,543	110,000,000
Revenue Collections	7,420,826,795	7,707,800,000	7,972,700,000
Refunds - Regular	(1,075,260,981)	(1,119,700,000)	(1,179,200,000)
Transfers to Fund	229,840,312	171,835,786	206,878,479
Federal Fiscal Relief (2)	274,121,051	0	0
Revenue Bonds	84,643,927	45,000,000	0
Total Resources Available	\$ 7,150,452,994	\$ 7,293,485,795	\$ 7,111,317,521
<u>OBLIGATIONS</u>			
Operating Appropriations	\$ 6,748,268,119	\$ 7,128,595,226	\$ 7,298,262,506
Capital Improvements Appropriations	37,148,542	47,277,586	32,655,015
Confirmed lapse/withholdings	(66,354,646)	(48,460,063)	(263,200,000)
Supplementals/Increased Estimateds	55,223,513	165,134,004	43,600,000
Total Obligations	6,774,285,528	7,292,546,753	7,111,317,521
Ending Balance	\$ 376,167,466	\$ 939,042	\$ 0

NOTES TO GENERAL REVENUE SUMMARY

- (1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known.
- (2) Federal Fiscal Relief pursuant to the "Jobs and Growth Tax Relief Reconciliation Act of 2003" includes receipts of \$95,133,169 and a transfer of \$178,987,882 in Fiscal Year 2004 from the enhanced Federal Medical Assistance Percentage (FMAP) receipts.

FY 2006 OPERATING AND CAPITAL BUDGET SUMMARY

House <u>Bill</u>	<u>FY 2004 Expenditure</u>	<u>FY 2005 Appropriation</u>	<u>Governor's Recommendation FY 2006</u>
1 <u>Public Debt</u>			
General Revenue	\$ 68,827,494	\$ 103,045,815	\$ 104,855,732
Federal Funds	0	0	0
Other Funds	987,647	996,472	1,002,235
Total	<u>\$ 69,815,141</u>	<u>\$ 104,042,287</u>	<u>\$ 105,857,967</u>
2 <u>Elementary and Secondary Education</u>			
General Revenue	\$ 2,447,249,919	\$ 2,562,386,690	\$ 2,569,964,474
Federal Funds	786,607,097	995,086,690	937,063,941
Other Funds	1,163,312,699	1,209,356,093	1,326,835,337
Total	<u>\$ 4,397,169,715</u>	<u>\$ 4,766,829,473</u>	<u>\$ 4,833,863,752</u>
3 <u>Higher Education</u>			
General Revenue	\$ 815,064,751	\$ 862,342,574	\$ 857,179,450
Federal Funds	2,570,995	6,247,637	6,250,409
Other Funds	135,883,629	180,529,321	182,705,833
Total	<u>\$ 953,519,375</u>	<u>\$ 1,049,119,532</u>	<u>\$ 1,046,135,692</u>
4 <u>Revenue</u>			
General Revenue	\$ 69,387,674	\$ 90,400,447	\$ 118,573,293
Federal Funds	5,771,302	9,001,789	7,647,174
Other Funds	378,884,088	359,440,252	331,401,157
Total	<u>\$ 454,043,064</u>	<u>\$ 458,842,488</u>	<u>\$ 457,621,624</u>
4 <u>Transportation</u>			
General Revenue	\$ 11,304,721	\$ 12,162,168	\$ 10,691,923
Federal Funds	43,116,626	53,276,877	57,439,612
Other Funds	1,772,888,104	1,578,332,143	1,659,260,443
Total	<u>\$ 1,827,309,451</u>	<u>\$ 1,643,771,188</u>	<u>\$ 1,727,391,978</u>
5 <u>Office of Administration</u>			
General Revenue	\$ 151,352,958	\$ 153,139,380	\$ 161,749,433
Federal Funds	4,143,217	9,568,718	16,121,900
Other Funds	32,020,099	9,734,796	9,319,234
Total	<u>\$ 187,516,274</u>	<u>\$ 172,442,894</u>	<u>\$ 187,190,567</u>
5 <u>Employee Benefits</u>			
General Revenue	\$ 424,157,043	\$ 445,183,121	\$ 487,975,454
Federal Funds	106,402,406	139,645,514	148,074,289
Other Funds	106,819,856	136,843,417	142,427,076
Total	<u>\$ 637,379,305</u>	<u>\$ 721,672,052</u>	<u>\$ 778,476,819</u>
6 <u>Agriculture</u>			
General Revenue	\$ 12,968,647	\$ 15,248,217	\$ 20,875,352
Federal Funds	2,107,012	5,490,357	5,451,177
Other Funds	10,619,032	15,354,316	14,084,464
Total	<u>\$ 25,694,691</u>	<u>\$ 36,092,890</u>	<u>\$ 40,410,993</u>

FY 2006 OPERATING AND CAPITAL BUDGET SUMMARY

House <u>Bill</u>	<u>FY 2004 Expenditure</u>	<u>FY 2005 Appropriation</u>	<u>Governor's Recommendation FY 2006</u>
6 <u>Natural Resources</u>			
General Revenue	\$ 8,595,916	\$ 8,521,062	\$ 8,714,391
Federal Funds	31,827,742	45,192,505	44,588,267
Other Funds	155,985,145	275,220,522	275,271,171
Total	\$ 196,408,803	\$ 328,934,089	\$ 328,573,829
6 <u>Conservation</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	121,157,301	133,931,123	137,899,679
Total	\$ 121,157,301	\$ 133,931,123	\$ 137,899,679
7 <u>Economic Development</u>			
General Revenue	\$ 37,004,001	\$ 44,195,819	\$ 48,334,391
Federal Funds	128,514,544	163,389,259	163,506,782
Other Funds	48,125,571	69,227,236	74,724,671
Total	\$ 213,644,116	\$ 276,812,314	\$ 286,565,844
7 <u>Insurance</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	272,210	450,000	450,000
Other Funds	11,984,680	13,884,932	14,036,435
Total	\$ 12,256,890	\$ 14,334,932	\$ 14,486,435
7 <u>Labor and Industrial Relations</u>			
General Revenue	\$ 2,958,825	\$ 2,661,426	\$ 2,999,906
Federal Funds	42,273,080	62,564,793	60,731,167
Other Funds	83,821,878	92,970,038	102,579,100
Total	\$ 129,053,783	\$ 158,196,257	\$ 166,310,173
8 <u>Public Safety</u>			
General Revenue	\$ 42,252,445	\$ 45,507,763	\$ 62,232,660
Federal Funds	98,628,735	87,377,775	72,632,220
Other Funds	197,435,108	245,269,735	250,383,433
Total	\$ 338,316,288	\$ 378,155,273	\$ 385,248,313
9 <u>Corrections</u>			
General Revenue	\$ 492,485,349	\$ 523,395,862	\$ 538,036,406
Federal Funds	4,784,942	7,813,835	8,162,175
Other Funds	30,671,383	42,772,722	42,821,101
Total	\$ 527,941,674	\$ 573,982,419	\$ 589,019,682
10 <u>Mental Health</u>			
General Revenue	\$ 502,633,401	\$ 521,575,544	\$ 480,696,656
Federal Funds	323,198,393	415,464,229	399,453,519
Other Funds	31,975,608	36,038,216	35,483,123
Total	\$ 857,807,402	\$ 973,077,989	\$ 915,633,298

FY 2006 OPERATING AND CAPITAL BUDGET SUMMARY

House <u>Bill</u>	<u>FY 2004 Expenditure</u>	<u>FY 2005 Appropriation</u>	<u>Governor's Recommendation FY 2006</u>
10 <u>Health and Senior Services</u>			
General Revenue	\$ 72,120,587	\$ 81,195,589	\$ 221,483,433
Federal Funds	276,725,979	328,293,614	592,805,389
Other Funds	35,195,584	51,869,965	55,743,969
Total	<u>\$ 384,042,150</u>	<u>\$ 461,359,168</u>	<u>\$ 870,032,791</u>
11 <u>Social Services</u>			
General Revenue	\$ 1,205,302,334	\$ 1,386,592,216	\$ 1,331,572,887
Federal Funds	3,097,921,023	3,456,087,243	3,306,909,448
Other Funds	1,357,804,848	1,383,005,842	1,270,939,883
Total	<u>\$ 5,661,028,205</u>	<u>\$ 6,225,685,301</u>	<u>\$ 5,909,422,218</u>
12 <u>Elected Officials</u>			
General Revenue	\$ 40,522,104	\$ 42,966,148	\$ 43,308,287
Federal Funds	5,381,990	36,306,937	74,914,507
Other Funds	30,216,809	42,502,451	42,621,898
Total	<u>\$ 76,120,903</u>	<u>\$ 121,775,536</u>	<u>\$ 160,844,692</u>
12 <u>Judiciary</u>			
General Revenue	\$ 136,982,040	\$ 140,830,307	\$ 142,142,827
Federal Funds	6,186,858	17,082,777	12,918,360
Other Funds	5,740,709	9,206,966	9,230,068
Total	<u>\$ 148,909,607</u>	<u>\$ 167,120,050</u>	<u>\$ 164,291,255</u>
12 <u>Public Defender</u>			
General Revenue	\$ 27,818,869	\$ 28,463,282	\$ 28,693,128
Federal Funds	0	125,000	125,000
Other Funds	1,141,187	1,218,134	1,968,743
Total	<u>\$ 28,960,056</u>	<u>\$ 29,806,416</u>	<u>\$ 30,786,871</u>
12 <u>General Assembly</u>			
General Revenue	\$ 29,444,024	\$ 31,352,538	\$ 31,595,814
Federal Funds	0	0	0
Other Funds	86,281	192,691	192,910
Total	<u>\$ 29,530,305</u>	<u>\$ 31,545,229</u>	<u>\$ 31,788,724</u>
13 <u>Statewide Leasing</u>			
General Revenue	\$ 25,084,261	\$ 27,429,258	\$ 26,587,109
Federal Funds	13,043,365	17,068,557	13,958,536
Other Funds	5,268,817	5,915,522	4,926,733
Total	<u>\$ 43,396,443</u>	<u>\$ 50,413,337</u>	<u>\$ 45,472,378</u>
14 <u>Supplemental Recommendations</u>			
General Revenue		\$ 116,134,004	
Federal Funds		149,443,934	
Other Funds		10,296,256	
Total		<u>\$ 275,874,194</u>	

FY 2006 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2004 Expenditure	FY 2005 Appropriation	Governor's Recommendation FY 2006
<u>Total Operating Budget</u>			
General Revenue	\$ 6,623,517,363	\$ 7,244,729,230	\$ 7,298,263,006
Federal Funds	4,979,477,516	6,004,978,040	5,929,203,872
Other Funds	5,718,026,063	5,904,109,161	5,985,858,696
Total	\$ 17,321,020,942	\$ 19,153,816,431	\$ 19,213,325,574
 18 <u>Capital Improvements - Maintenance and Repair</u>			
General Revenue	\$ 37,260,865	\$ 46,539,219	\$ 20,200,000
Federal Funds	230,275	3,673,388	3,599,884
Other Funds	4,090,149	15,167,350	15,425,614
Total	\$ 41,581,289	\$ 65,379,957	\$ 39,225,498
 19 <u>Capital Improvements - Construction</u>			
General Revenue	\$ 0	\$ 0	\$ 12,455,015
Federal Funds	861,383	38,925,484	76,209,557
Other Funds	19,486,750	32,237,216	28,602,873
Total	\$ 20,348,133	\$ 71,162,700	\$ 117,267,445
 21 <u>Capital Improvements - Construction</u>			
General Revenue	\$ 0	\$ 625,044	\$ 0
Federal Funds	0	1	0
Other Funds	0	3,000,000	0
Total	\$ 0	\$ 3,625,045	\$ 0
 <u>Total Capital Improvements Budget</u>			
General Revenue	\$ 37,260,865	\$ 47,164,263	\$ 32,655,015
Federal Funds	1,091,658	42,598,873	79,809,441
Other Funds	23,576,899	50,404,566	44,028,487
Total	\$ 61,929,422	\$ 140,167,702	\$ 156,492,943
 GRAND TOTAL			
General Revenue	\$ 6,660,778,228	\$ 7,291,893,493	\$ 7,330,918,021
Federal Funds	4,980,569,174	6,047,576,913	6,009,013,313
Other Funds	5,741,602,962	5,954,513,727	6,029,887,183
Total	\$ 17,382,950,364	\$ 19,293,984,133	\$ 19,369,818,517

FY 2004 expenditures do not include refunds of \$1,117,701,155, including \$1,075,228,814 general revenue.

FY 2005 appropriations do not include refunds of \$1,329,937,857, including \$1,286,759,857 general revenue.

FY 2006 Governor's recommendations do not include refunds of \$1,222,460,550, including \$1,179,376,271 general revenue.

SUPPLEMENTAL RECOMMENDATIONS FISCAL YEAR 2005

	<u>GENERAL REVENUE</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
Department of Elementary and Secondary Education	\$ 5,552,794	\$ 0	\$ 6,873,073	\$ 12,425,867
Department of Revenue	160,000	0	16,250	176,250
Office of Administration	5,708,151	200,000	5,003	5,913,154
Department of Economic Development	80,000	0	1,000,000	1,080,000
Department of Public Safety	1,622,769	381,618	1,186,610	3,190,997
Department of Corrections	1,355,907	0	0	1,355,907
Department of Mental Health	0	500,000	0	500,000
Department of Health and Senior Services	0	6,800,000	0	6,800,000
Department of Social Services	101,591,665	141,374,164	445,320	243,411,149
Elected Officials	62,718	188,152	20,000	270,870
Office of Public Defender	0	0	750,000	750,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL HOUSE BILL 14	\$ 116,134,004	\$ 149,443,934	\$ 10,296,256	\$ 275,874,194

PUBLIC DEBT

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Administration	\$ 5,289	\$ 20,002	\$ 20,002	\$ 20,002
Arbitrage Rebate	495,531	0	0	0
Advanced Refunding of Bonds	93,516	0	0	0
Fourth State Building Bonds	12,139,608	14,852,614	16,235,514	16,235,514
Water Pollution Control Bonds	22,835,526	35,872,598	35,909,635	35,909,635
Stormwater Control Bonds	3,124,297	3,176,510	3,183,528	3,183,528
Third State Building Bonds	31,121,374	50,120,563	50,509,288	50,509,288
TOTAL	\$ 69,815,141	\$ 104,042,287	\$ 105,857,967	\$ 105,857,967
General Revenue Fund	68,827,494	103,045,815	104,855,732	104,855,732
Water and Wastewater Loan Revolving Fund	987,647	996,472	1,002,235	1,002,235
Full-time equivalent employees	0.00	0.00	0.00	0.00

POLICY SUMMARY

State of Missouri general obligation bond issues consistently have received the highest, "Triple A", ratings from Moody's Investors Service, Standard and Poor's Corporation, and Fitch Ratings. Missouri is one of only seven states that has this rating from all three rating organizations. The other states are Georgia, Utah, Virginia, Maryland, Delaware, and South Carolina. General obligation bonds can only be issued through voter-approved amendments to the state constitution. Currently, outstanding general obligation bonds are for the four purposes identified below.

Fourth State Building Bonds: In August 1994, Missouri voters approved a fourth state building bond issue to provide essential prison capacity, new residential beds for juvenile offenders, and significant new higher education construction and renovation. Governor Blunt recommends a \$16.2 million general revenue transfer to the Fourth State Building Bond and Interest Fund, and \$14.9 million for principal and interest payments on fourth state building bonds currently outstanding. With the final \$50 million issuance on June 1, 1998, all \$250 million in fourth state building bonds authorized by Missouri voters were issued.

Water Pollution Control Bonds: Water pollution control bond proceeds help local governments construct wastewater and stormwater control facilities and improve public drinking water systems. These infrastructure improvements support local economic development, protect Missouri waterways from pollution, and help ensure safe drinking water supplies. As of December 2004, Missouri has issued, excluding refunding issuances, a total of \$544.5 million of the \$725 million authorized in water pollution control bonds. Governor Blunt recommends a \$34.9 million general revenue transfer and a \$1 million Water and Wastewater Revolving Fund transfer to the Water Pollution Control Bond and Interest Fund, and \$35.9 million for principal and interest payments on water pollution control bonds currently outstanding. There will be no new water pollution control bond issuance in Fiscal Year 2006.

Stormwater Control Bonds: In November 1998, Missouri voters approved a separate stormwater control bond issue of \$200 million for stormwater control plans, studies, and projects. As of December 2004, Missouri has issued a total of \$45 million of the \$200 million authorized in stormwater control bonds. Governor Blunt recommends a \$3.2 million general revenue transfer to the Stormwater Control Bond and Interest Fund, and \$3.2 million for principal and interest payments on stormwater control bonds currently outstanding. There will be no stormwater control bond issuance in Fiscal Year 2006.

Third State Building Bonds: In 1982, Missouri voters approved \$600 million in bonds to be issued for improvements to state buildings and property. With the final \$75 million issuance on December 1, 1987, all \$600 million in third state building bonds have been issued. Governor Blunt recommends a \$50.5 million general revenue transfer to the Third State Building Bond and Interest Sinking Fund, and \$50.1 million on principal and interest payments on third state building bonds currently outstanding.

PUBLIC DEBT

ADMINISTRATION OF PUBLIC DEBT

The Board of Fund Commissioners administers the general obligation bonded indebtedness of the state. The board is comprised of the following members pursuant to Section 33.300, RSMo: Governor, Lieutenant Governor, Attorney General, State Auditor, State Treasurer, and Commissioner of Administration. Administrative expenses are associated with the sale and processing of the state's general obligation bonds. The board directs the payment of principal and interest on state debt. General obligation bonds issued by the State of Missouri are rated "Triple A" by Moody's Investors Service, Standard and Poor's Corporation, and Fitch Ratings. In addition, the Board of Fund Commissioners is obligated to repay to the United States Treasury excess interest earnings (arbitrage rebate) on water pollution control bonds, stormwater control bonds, third state building bonds, and fourth state building bonds.

Fiscal Year 2006 Governor's Recommendations

- \$20,002 to continue funding at the current level.

FOURTH STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$250 million in fourth state building bonds under the provisions of Article III, Section 37, Missouri Constitution to be used for capital improvement projects at state facilities and higher education institutions. Bond sales were authorized by the General Assembly in Fiscal Year 1995, and bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$50 million on June 1, 1998, all \$250 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on fourth state building bonds now outstanding. The money is transferred from general revenue to the Fourth State Building Bond and Interest Fund one year in advance of its appropriation.

Fiscal Year 2006 Governor's Recommendations

- \$16,235,514 for the transfer of general revenue for debt service on fourth state building bonds currently outstanding.

PUBLIC DEBT

SUMMARY OF FOURTH STATE BUILDINGS BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/05</u>
Series A 1995	Refunded	\$ 75,000,000	\$ 16,330,000	\$ 56,300,000	\$ 2,370,000
Series A 1996	Refunded	125,000,000	24,800,000	92,485,000	7,715,000
Series A 1998	2023	<u>50,000,000</u>	<u>7,585,000</u>	<u>0</u>	<u>42,415,000</u>
Subtotal Excluding Refunding Issues		\$ 250,000,000	\$ 48,715,000	\$ 148,785,000	\$ 52,500,000
Series A 2002 Refunding	2022	<u>154,840,000</u>	<u>0</u>	<u>0</u>	<u>154,840,000</u>
Total		\$ 404,840,000	\$ 48,715,000	\$ 148,785,000	\$ 207,340,000

FOURTH STATE BUILDINGS BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$ 1,380,000.00	\$ 4,311,020.00	\$ 5,691,020.00
1997	1,480,000.00	7,773,776.25	9,253,776.25
1998	4,260,000.00	11,177,882.50	15,437,882.50
1999	5,625,000.00	13,406,382.50	19,031,382.50
2000	5,900,000.00	13,077,082.50	18,977,082.50
2001	6,160,000.00	12,716,357.50	18,876,357.50
2002	6,470,000.00	12,339,770.00	18,809,770.00
2003	6,765,000.00	11,156,394.27	17,921,394.27
2004	7,080,000.00	10,498,993.76	17,578,993.76
2005	7,410,000.00	10,043,368.76	17,453,368.76
2006	5,270,000.00	9,582,612.52	14,852,612.52
2007	6,990,000.00	9,245,512.52	16,235,512.52
2008	9,415,000.00	8,863,000.02	18,278,000.02
2009	9,840,000.00	8,433,845.02	18,273,845.02
2010	10,325,000.00	7,931,595.02	18,256,595.02
2011	10,835,000.00	7,413,520.02	18,248,520.02
2012	11,365,000.00	6,868,105.02	18,233,105.02
2013	11,930,000.00	6,295,417.52	18,225,417.52
2014	12,440,000.00	5,778,449.39	18,218,449.39
2015	12,965,000.00	5,234,833.76	18,199,833.76
2016	13,620,000.00	4,577,448.76	18,197,448.76
2017	14,310,000.00	3,885,731.26	18,195,731.26
2018	15,050,000.00	3,157,950.00	18,207,950.00
2019	15,825,000.00	2,389,325.00	18,214,325.00
2020	16,565,000.00	1,642,887.50	18,207,887.50
2021	11,470,000.00	1,051,625.00	12,521,625.00
2022	11,990,000.00	522,675.00	12,512,675.00
2023	<u>3,320,000.00</u>	<u>166,000.00</u>	<u>3,486,000.00</u>
TOTAL	\$ 256,055,000.00	\$ 199,541,561.37	\$ 455,596,561.37

PUBLIC DEBT

WATER POLLUTION CONTROL BONDS DEBT SERVICE

Missouri voters have authorized the state to sell \$725 million in water pollution control bonds under the provisions of Article III, Section 37, Missouri Constitution. Increments of bonds are then authorized by the General Assembly and issued on a cash-as-needed basis to fund wastewater treatment projects approved by the Missouri Clean Water Commission. Currently, \$544.5 million in bonds, excluding refunding issuances, have been issued. General revenue is transferred to the Water Pollution Control Bond and Interest Fund one year in advance of its appropriation for principal and interest payments.

Fiscal Year 2006 Governor's Recommendations

- \$35,909,635 for the transfer of funds for debt service on water pollution control bonds currently outstanding, including \$34,907,400 general revenue.

SUMMARY OF WATER POLLUTION CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/05</u>
Series A 1972	1997	\$ 20,000,000	\$ 20,000,000	\$ 0	\$ 0
Series A 1974	1999	8,000,000	8,000,000	0	0
Series B 1974	1995	15,000,000	15,000,000	0	0
Series A 1977	1997	31,494,240	31,494,240	0	0
Series A 1981	Refunded	20,000,000	3,060,000	16,940,000	0
Series A 1983	Refunded	20,000,000	3,585,000	16,415,000	0
Series B 1983	Refunded	10,000,000	375,000	9,625,000	0
Series A 1985	Refunded	20,000,000	425,000	19,575,000	0
Series A 1986	Refunded	60,000,000	13,600,000	46,400,000	0
Series B 1987	Refunded	35,000,000	4,305,000	30,695,000	0
Series A 1989	Refunded	35,000,000	7,720,000	27,280,000	0
Series A 1991	Refunded	35,000,000	7,650,000	27,350,000	0
Series A 1992	Refunded	35,000,000	8,440,000	26,560,000	0
Series A 1993	Refunded	30,000,000	7,650,000	22,350,000	0
Series A 1995	Refunded	30,000,000	6,530,000	22,520,000	950,000
Series A 1996	Refunded	35,000,000	6,940,000	25,900,000	2,160,000
Series A 1998	2023	35,000,000	5,310,000	0	29,690,000
Series A 1999	2025	20,000,000	2,405,000	0	17,595,000
Series A 2001	2026	20,000,000	1,455,000	0	18,545,000
Series A 2002	2028	30,000,000	1,420,000	0	28,580,000
Totals Excluding Refunding Issuances		\$ 544,494,240	\$ 155,364,240	\$ 291,610,000	\$ 97,520,000
Series A 1987 Refunding	Refunded	49,715,000	16,475,000	33,240,000	0
Series B 1991 Refunding	Refunded	17,435,000	6,080,000	11,355,000	0
Series C 1991 Refunding	Refunded	33,575,000	11,700,000	21,875,000	0
Series B 1992 Refunding	Refunded	50,435,000	16,840,000	33,595,000	0
Series B 1993 Refunding	Refunded	109,415,000	32,875,000	76,540,000	0
Series B 2002 Refunding	2022	147,710,000	5,630,000	0	142,080,000
Series B 2003 Refunding	2017	74,655,000	2,715,000	0	71,940,000
Totals Including Refunding Issuances		\$ 1,027,434,240	\$ 247,679,240	\$ 468,215,000	\$ 311,540,000

PUBLIC DEBT

**WATER POLLUTION CONTROL BONDS
COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1973	\$ 570,000.00	\$ 930,188.68	\$ 1,500,188.68
1974	485,000.00	986,240.00	1,471,240.00
1975	705,000.00	1,751,569.56	2,456,569.56
1976	1,105,000.00	2,145,455.00	3,250,455.00
1977	1,160,000.00	2,080,357.50	3,240,357.50
1978	2,129,240.00	3,259,522.70	5,388,762.70
1979	2,240,000.00	3,405,992.50	5,645,992.50
1980	2,355,000.00	3,278,505.00	5,633,505.00
1981	2,475,000.00	3,146,440.00	5,621,440.00
1982	3,135,000.00	4,730,807.06	7,865,807.06
1983	3,165,000.00	4,694,670.00	7,859,670.00
1984	3,580,000.00	6,591,015.00	10,171,015.00
1985	3,915,000.00	6,805,965.00	10,720,965.00
1986	4,325,000.00	8,378,860.00	12,703,860.00
1987	4,650,000.00	10,567,758.28	15,217,758.28
1988	4,840,000.00	11,131,392.44	15,971,392.44
1989	6,805,000.00	13,815,388.63	20,620,388.63
1990	7,225,000.00	14,573,892.38	21,798,892.38
1991	8,240,000.00	15,275,401.13	23,515,401.13
1992	8,770,000.00	14,529,565.51	23,299,565.51
1993	10,110,000.00	16,610,720.57	26,720,720.57
1994	11,540,000.00	15,670,014.33	27,210,014.33
1995	13,690,000.00	16,312,826.27	30,002,826.27
1996	13,880,000.00	17,131,521.28	31,011,521.28
1997	14,790,000.00	17,175,506.28	31,965,506.28
1998	12,605,000.00	17,258,681.28	29,863,681.28
1999	14,210,000.00	18,152,123.78	32,362,123.78
2000	14,525,000.00	17,798,035.65	32,323,035.65
2001	15,690,000.00	17,488,317.53	33,178,317.53
2002	16,375,000.00	17,663,053.78	34,038,053.78
2003	15,325,000.00	15,878,275.62	31,203,275.62
2004	12,470,000.00	15,001,903.93	27,471,903.93
2005	13,075,000.00	14,905,332.54	27,980,332.54
2006	21,820,000.00	14,052,595.04	35,872,595.04
2007	22,915,000.00	12,994,631.29	35,909,631.29
2008	24,480,000.00	11,896,627.54	36,376,627.54
2009	23,590,000.00	10,785,668.16	34,375,668.16
2010	22,540,000.00	9,631,468.16	32,171,468.16
2011	21,825,000.00	8,529,683.79	30,354,683.79
2012	17,540,000.00	7,614,618.16	25,154,618.16
2013	18,355,000.00	6,830,002.52	25,185,002.52
2014	16,080,000.00	6,125,128.77	22,205,128.77
2015	16,775,000.00	5,447,490.02	22,222,490.02
2016	14,645,000.00	4,721,831.27	19,366,831.27
2017	15,380,000.00	4,003,725.64	19,383,725.64
2018	13,625,000.00	3,295,678.76	16,920,678.76
2019	11,570,000.00	2,674,385.01	14,244,385.01
2020	9,885,000.00	2,165,548.76	12,050,548.76
2021	8,020,000.00	1,762,818.76	9,782,818.76
2022	8,400,000.00	1,371,940.63	9,771,940.63
2023	6,235,000.00	1,014,225.00	7,249,225.00
2024	4,105,000.00	695,668.75	4,800,668.75
2025	4,320,000.00	484,062.50	4,804,062.50
2026	3,110,000.00	300,893.75	3,410,893.75
2027	1,875,000.00	145,375.00	2,020,375.00
2028	1,970,000.00	49,250.00	2,019,250.00
TOTAL	\$ 559,219,240.00	\$ 465,718,616.49	\$ 1,024,937,856.49

Total principal includes refunding excess of \$14,725,000 which does not count toward the \$725 million constitutional authorization.

PUBLIC DEBT

STORMWATER CONTROL BONDS BUDGET YEAR ISSUANCE

Missouri voters have authorized the state to sell \$200 million in stormwater control bonds under the provisions of Article III, Section 37, Missouri Constitution. This appropriation provides principal and interest on stormwater control bonds to be authorized by the General Assembly. Currently, \$45 million in bonds have been issued. General revenue is transferred to the Stormwater Control Bond and Interest Fund one year in advance of its appropriation for payment of principal and interest.

Fiscal Year 2006 Governor's Recommendations

- \$3,183,528 for the transfer of general revenue for debt service on stormwater control bonds currently outstanding.

SUMMARY OF STORMWATER CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/05</u>
Series A 1999	2025	\$ 20,000,000	\$ 2,405,000	\$ 0	\$ 17,595,000
Series A 2001	2026	10,000,000	730,000	0	9,270,000
Series A 2002	2028	<u>15,000,000</u>	<u>710,000</u>	<u>0</u>	<u>14,290,000</u>
TOTAL		\$ 45,000,000	\$ 3,845,000	\$ 0	\$ 41,155,000

STORMWATER CONTROL BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$ 0.00	\$ 541,461.88	\$ 541,461.88
2001	445,000.00	1,070,352.51	1,515,352.51
2002	695,000.00	1,535,101.26	2,230,101.26
2003	725,000.00	1,820,680.01	2,545,680.01
2004	1,095,000.00	2,093,433.76	3,188,433.76
2005	1,145,000.00	2,037,133.76	3,182,133.76
2006	1,190,000.00	1,986,508.76	3,176,508.76
2007	1,245,000.00	1,938,526.26	3,183,526.26
2008	1,295,000.00	1,887,022.51	3,182,022.51
2009	1,345,000.00	1,829,991.88	3,174,991.88
2010	1,405,000.00	1,758,241.88	3,163,241.88
2011	1,460,000.00	1,685,507.51	3,145,507.51
2012	1,520,000.00	1,618,090.64	3,138,090.64
2013	1,590,000.00	1,547,425.02	3,137,425.02
2014	1,665,000.00	1,471,560.02	3,136,560.02
2015	1,745,000.00	1,391,365.02	3,136,365.02
2016	1,825,000.00	1,305,925.02	3,130,925.02
2017	1,915,000.00	1,212,319.39	3,127,319.39
2018	2,010,000.00	1,112,778.76	3,122,778.76
2019	2,110,000.00	1,010,816.26	3,120,816.26
2020	2,220,000.00	903,061.26	3,123,061.26
2021	2,330,000.00	788,631.26	3,118,631.26
2022	2,445,000.00	667,321.88	3,112,321.88
2023	2,565,000.00	538,581.25	3,103,581.25
2024	2,700,000.00	402,912.50	3,102,912.50
2025	2,840,000.00	260,612.50	3,100,612.50
2026	1,555,000.00	150,387.50	1,705,387.50
2027	935,000.00	72,625.00	1,007,625.00
2028	<u>985,000.00</u>	<u>24,625.00</u>	<u>1,009,625.00</u>
TOTAL	\$ 45,000,000.00	\$ 34,663,000.26	\$ 79,663,000.26

PUBLIC DEBT

THIRD STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$600 million in third state building bonds to be used for capital improvement projects at state facilities and for specific types of local economic development projects under Article III, Section 37, Missouri Constitution. The General Assembly authorized issuance of \$75 million for Fiscal Year 1983, \$50 million for Fiscal Year 1984, \$75 million for Fiscal Year 1985, and \$400 million for Fiscal Year 1986. Bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$75 million on December 1, 1987, all \$600 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on third state building bonds now outstanding. The money is transferred from general revenue to the Third State Building Bond Interest and Sinking Fund one year in advance of its appropriation.

Fiscal Year 2006 Governor's Recommendations

- \$50,509,288 for the transfer of general revenue for debt service on third state building bonds currently outstanding.

SUMMARY OF THIRD STATE BUILDING BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/05</u>
Series A 1983	Refunded	\$ 40,000,000	\$ 7,165,000	\$ 32,835,000	\$ 0
Series B 1983	Refunded	35,000,000	1,325,000	33,675,000	0
Series A 1984	Refunded	50,000,000	1,870,000	48,130,000	0
Series A 1985	Refunded	75,000,000	1,625,000	73,375,000	0
Series A 1986	Refunded	325,000,000	73,645,000	251,355,000	0
Series B 1987	Refunded	<u>75,000,000</u>	<u>9,220,000</u>	<u>65,780,000</u>	<u>0</u>
Totals Excluding Refunding Issuances		\$ 600,000,000	\$ 94,850,000	\$ 505,150,000	\$ 0
Series A 1987 Refunding	Refunded	170,115,000	56,390,000	113,725,000	0
Series A 1991 Refunding	Refunded	34,870,000	11,935,000	22,935,000	0
Series B 1991 Refunding	Refunded	71,955,000	24,635,000	47,320,000	0
Series A 1992 Refunding	Refunded	273,205,000	92,035,000	181,170,000	0
Series A 1993 Refunding	Refunded	148,480,000	69,100,000	79,380,000	0
Series A 2002 Refunding	2013	211,630,000	32,620,000	0	179,010,000
Series A 2003 Refunding	2013	<u>75,650,000</u>	<u>8,585,000</u>	<u>0</u>	<u>67,065,000</u>
Totals Including Refunding Issuances		\$ 1,585,905,000	\$ 390,150,000	\$ 949,680,000	\$ 246,075,000

PUBLIC DEBT

**THIRD STATE BUILDING BONDS
COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1984	\$ 470,000.00	\$ 4,842,987.50	\$ 5,312,987.50
1985	1,490,000.00	11,034,230.00	12,524,230.00
1986	2,270,000.00	17,725,712.50	19,995,712.50
1987	2,745,000.00	30,902,276.22	33,647,276.22
1988	5,865,000.00	36,209,164.83	42,074,164.83
1989	11,430,000.00	44,179,397.16	55,609,397.16
1990	12,280,000.00	43,153,872.16	55,433,872.16
1991	13,235,000.00	42,050,290.91	55,285,290.91
1992	14,230,000.00	37,998,667.16	52,228,667.16
1993	15,755,000.00	36,585,883.33	52,340,883.33
1994	17,280,000.00	32,547,322.96	49,827,322.96
1995	20,000,000.00	30,798,942.51	50,798,942.51
1996	21,550,000.00	29,172,938.76	50,722,938.76
1997	23,175,000.00	27,523,861.26	50,698,861.26
1998	23,985,000.00	25,883,931.26	49,868,931.26
1999	28,305,000.00	24,158,196.88	52,463,196.88
2000	30,345,000.00	22,248,060.00	52,593,060.00
2001	31,485,000.00	20,471,257.50	51,956,257.50
2002	31,615,000.00	18,933,312.50	50,548,312.50
2003	29,340,000.00	14,477,728.61	43,817,728.61
2004	19,370,000.00	13,017,349.86	32,387,349.86
2005	33,930,000.00	12,602,912.50	46,532,912.50
2006	39,195,000.00	10,925,562.50	50,120,562.50
2007	41,535,000.00	8,974,287.50	50,509,287.50
2008	44,015,000.00	6,981,862.50	50,996,862.50
2009	41,925,000.00	4,979,687.50	46,904,687.50
2010	36,615,000.00	3,016,187.50	39,631,187.50
2011	32,115,000.00	1,297,937.50	33,412,937.50
2012	5,185,000.00	375,631.25	5,560,631.25
2013	<u>5,490,000.00</u>	<u>128,100.00</u>	<u>5,618,100.00</u>
TOTAL	\$ 636,225,000.00	\$ 613,197,552.62	\$ 1,249,422,552.62

Total principal includes refunding excess of \$36,225,000 which does not count toward the \$600 million constitutional authorization.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
General Administration	\$ 3,630,669,513	\$ 3,811,161,088	\$ 4,849,325,557	\$ 3,983,595,863
Information Technology	0	0	0	3,091,971
School Improvement/Teacher				
Quality and Urban Education	314,819,937	405,026,346	434,354,885	413,084,374
Vocational Rehabilitation	160,086,193	210,346,120	238,167,159	100,026,963
Vocational and Adult Education	62,218,393	74,558,979	96,270,992	75,945,805
Special Education	228,448,678	263,696,163	285,500,071	256,090,015
Board Operated School Programs	595,168	1,555,000	1,555,000	1,555,000
Commission for the Deaf	331,833	485,777	597,652	473,761
DEPARTMENTAL TOTAL	\$ 4,397,169,715	\$ 4,766,829,473 *	\$ 5,905,771,316	\$ 4,833,863,752
General Revenue Fund	215,355,717	220,626,797	291,536,285	186,604,581
Federal Funds	786,607,097	995,086,690	1,040,981,282	937,063,941
School District Bond Fund **	450,000	450,000	592,000	592,000
Certification of Interpreters Fund	83,253	125,000	125,000	125,000
Independent Living Center Fund	586,573	590,556	590,556	590,556
Outstanding Schools Trust Fund ***	394,365,579	396,200,000	396,200,000	435,800,000
Bingo Proceeds for Education Fund	1,707,167	1,707,167	1,707,167	1,707,167
Lottery Proceeds Fund	135,260,978	143,865,994	147,697,011	153,692,828
First Step Fund	0	6,000,000	0	0
State School Moneys Fund ****	2,128,882,005	2,246,907,105	3,230,441,963	2,325,709,602
Handicapped Children's Trust Fund	0	30,000	30,000	30,000
Excellence in Education Fund	1,867,043	2,934,010	2,934,010	2,936,533
Fair Share Fund	23,336,255	22,500,000	22,500,000	23,400,000
School District Trust Fund	690,348,889	706,400,000	748,700,000	748,700,000
Missouri Commission for the Deaf and Hard of Hearing Fund	2,159	50,000	50,000	50,300
Early Childhood Development, Education and Care Fund	17,721,832	21,831,154	20,161,042	15,336,244
School for the Blind Trust Fund	595,168	1,500,000	1,500,000	1,500,000
School for the Deaf Trust Fund	0	25,000	25,000	25,000
Full-time equivalent employees	1,854.39	1,968.15	1,967.99	1,932.99

* Does not include \$12,425,867 recommended in the Fiscal Year 2005 Supplemental Appropriations, including \$5,552,794 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Elementary and Secondary Education supplemental appropriations.

** The School District Bond Fund received the following transfers from the Gaming Proceeds for Education Fund: \$450,000 in Fiscal Year 2004 expenditure, \$450,000 in Fiscal Year 2005 appropriation, and \$495,926 in Governor recommends for Fiscal Year 2006.

*** The Outstanding Schools Trust Fund received the following transfers from general revenue: \$394,400,000 in Fiscal Year 2004 expenditure, \$396,200,000 in Fiscal Year 2005 appropriation, and \$435,800,000 in Governor recommends for Fiscal Year 2006.

**** The State School Moneys Fund received the following transfers from general revenue: \$1,837,494,202 in Fiscal Year 2004 expenditure, \$1,945,559,893 in Fiscal Year 2005 appropriation, and \$1,947,559,893 in Governor recommends for Fiscal Year 2006.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$4.8 billion for elementary and secondary education. Direct state aid to local schools will increase \$170.6 million in Fiscal Year 2006 under the Governor's recommendations, which is a 4.7 percent increase. The core functions provided by the Department of Elementary and Secondary Education include:

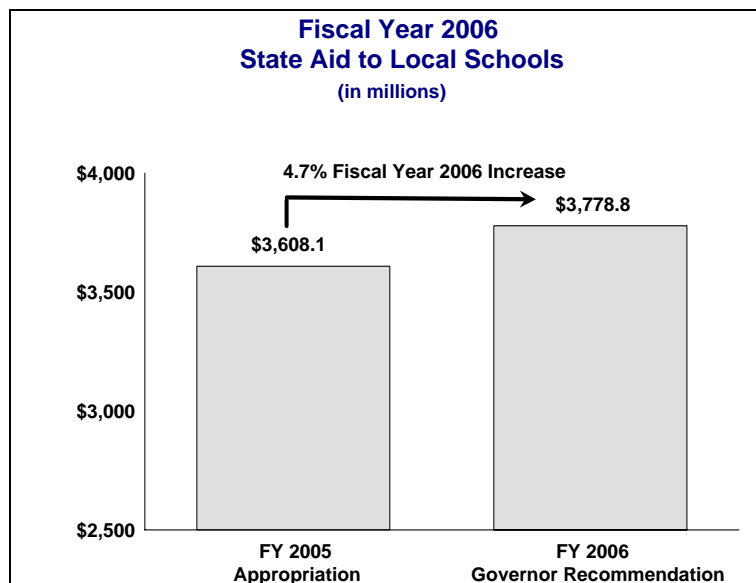
- Administering educational policies of the state and supervising instruction in the public schools.
- Distributing school funding, including the Foundation Program, Proposition C, Fair Share, County Foreign, and state and federal grant programs.
- Granting certificates of qualification and licenses to teach in the public schools of the state.
- Providing vocational rehabilitation services to Missourians with disabilities to help them obtain employment.

Accountable and Responsible Government

Public school funding must never again be held hostage for political purposes. Governor Blunt has pledged that he will ensure public school funding increases each year, and that he will never withhold funds from public schools. The Governor has directed state departments to reduce administrative costs by developing more efficient ways to provide public services. Our public schools must be held to the same standard so that a priority is placed on sending a greater percentage of education dollars to classrooms and teachers.

New Resources for Education

Governor Blunt intends to replace the current, broken foundation formula with one that better serves school children by equitably distributing funds to school districts. The Governor recognizes the importance of providing additional funding for education, but believes it must come from existing state revenues. For Fiscal Year 2006, Governor Blunt recommends a \$170.6 million increase in direct state aid for public schools, a 4.7 percent increase over Fiscal Year 2005.



Direct State Aid Highlights

Parents As Teachers: The Governor recommends a \$5 million increase for the Parents As Teachers Program, bringing total funding to \$35.3 million. This will provide services for approximately 10,600 additional families and increase the number of contacts for children age three to five from one to three per year.

A+ Schools Program: The Governor recommends a \$3.8 million increase for the A+ Schools Program, which provides community college tuition reimbursement for eligible graduates from designated A+ high schools. This increase brings total funding to \$16.4 million. The department anticipates that an additional 500 students will participate in the program in Fiscal Year 2006.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

POLICY SUMMARY (Continued)

Special Education Excess Costs: The Governor recommends \$6 million in new funding for costs incurred by school districts to educate severely disabled children that require contractual placements. Additional funding is needed to alleviate the severe financial hardship that districts incur in providing a quality education for these children.

Enhanced Federal Education Funds

- \$18 million for special education services mandated by law. This funding will provide grants to local school districts to support services for students with disabilities.
- \$12.9 million for the school food program to provide students with nutritious meals and snacks.
- \$1.4 million through the Workforce Investment Act for public and private schools that provide occupational skills training.

**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
GENERAL ADMINISTRATION**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administrative and Financial Services	\$ 6,186,549	\$ 9,770,922	\$ 8,637,199
Court-Ordered Payments	16,500,000	15,000,000	13,000,000
School Foundation Program Distribution	2,672,250,741	2,802,870,498	2,921,174,215
Early Grade Literacy/Professional Development	489,350	500,000	500,000
School Food Services	154,531,960	164,719,668	177,642,449
Fair Share Distribution	23,336,255	22,500,000	23,400,000
School District Trust Fund Distribution	690,348,889	706,400,000	748,700,000
County Foreign Insurance Tax Distribution	66,481,559	73,950,000	74,950,000
School District Bond Program	450,000	450,000	592,000
Federal Grants and Donations	94,210	15,000,000	15,000,000
TOTAL	\$ 3,630,669,513	\$ 3,811,161,088	\$ 3,983,595,863
General Revenue Fund	132,158,638	138,623,319	137,121,736
Federal Funds	154,618,791	184,415,605	196,679,943
Bingo Proceeds for Education Fund	1,707,167	1,707,167	1,707,167
Lottery Proceeds for Education Fund	104,021,045	112,136,487	112,136,487
Other Funds	3,238,163,872	3,374,278,510	3,535,950,530
Full-time equivalent employees	955.54	979.09	929.93

ADMINISTRATIVE AND FINANCIAL SERVICES

The Department of Elementary and Secondary Education is supervised by the State Board of Education, which consists of eight members appointed for eight-year terms by the Governor with the advice and consent of the Senate. The board appoints the Commissioner of Education as its chief administrative officer.

The Division of Administrative and Financial Services consists of all internal and external business functions of the department. It is responsible for distributing all federal and state funds to local school districts and other agencies. The external areas consist of the school finance, school food services, school governance, and facilities sections. The internal business areas consist of accounting and procurement, human resources, budget, research and planning, printing, publications, mail services, and telecommunications.

Fiscal Year 2006 Governor's Recommendations

- \$59,290 reallocated from various divisions for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$33,356 for pay plan, including \$21,824 from general revenue.
- (\$1,226,369) and (24) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$487,551) general revenue.

COURT-ORDERED PAYMENTS

Court supervision of the St. Louis and Kansas City school districts ended in 1999. State desegregation payments in the Kansas City case ended in Fiscal Year 1999 pursuant to a settlement in 1997. With passage of SB 781 in 1998, local voter approval of matching funds in February 1999, and court approval in March 1999, St. Louis desegregation operating budget payments were ended in Fiscal Year 1999, while transfer costs and capital improvement payments will be phased out. Fiscal Year 2001 payments totaled \$50 million, with \$25 million for voluntary transfer costs and \$25 million for capital costs. The Fiscal Year 2002 and Fiscal Year 2003 budgets included \$20 million for capital outlays in St. Louis. The Fiscal Year 2006 budget includes a recommendation for \$13 million for capital outlays in St. Louis. As these payments phase out, savings will be redirected to the school foundation formula for the benefit of school districts across the state.

Fiscal Year 2006 Governor's Recommendations

- (\$2,000,000) reallocated to the foundation formula as required by law.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

GENERAL ADMINISTRATION (Continued)

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Teachers Participating in the Career Ladder Program	16,982	17,100	17,400
Early Childhood Development Screenings	123,562	142,987	142,987
Families Served by Parent Education	152,681	164,369	175,007
Students Provided Early Childhood Special Education	10,893	11,300	11,700
Equity Formula	\$ 1,718,574,919	\$ 1,808,136,395	\$ 1,882,305,259
At-Risk Program	357,284,259	373,955,326	413,188,959
Transportation	152,166,933	162,067,713	162,067,713
Special Education	149,617,387	149,617,982	149,617,982
Remedial Reading	11,096,445	11,096,925	11,096,925
Early Childhood Special Education	96,255,272	102,011,209	102,011,209
Gifted Programs	23,415,939	24,870,104	24,870,104
Career Ladder	37,297,656	38,684,374	38,684,374
Vocational Education	52,080,427	52,880,428	52,880,428
Early Childhood Development	27,895,933	30,304,651	35,304,651
State Board Operated Schools	46,565,571	49,245,391	49,146,611
TOTAL	\$ 2,672,250,741	\$ 2,802,870,498	\$ 2,921,174,215
General Revenue Fund	43,050,533	43,404,143	43,308,997
Federal Funds	1,807,871	4,134,081	4,130,447
Outstanding Schools Trust Fund	393,181,996	394,997,395	434,597,395
Bingo Proceeds for Education Fund	1,707,167	1,707,167	1,707,167
Lottery Proceeds Fund	103,773,485	111,880,607	111,880,607
State School Moneys Fund	2,128,729,689	2,246,747,105	2,325,549,602
Full-time equivalent employees	861.00	882.59	857.43

SCHOOL FOUNDATION PROGRAM DISTRIBUTION

The foundation formula provides equitable education funding for school children. The formula apportions money to school districts based on local effort as measured by the local property tax levy for school purposes and on local wealth. Increased local effort results in higher state funding, while increased local wealth results in lower state funding. Fully funded, the formula ensures that a one-penny levy provides the same funding to 95 percent of all students from a combination of equity formula and local property tax revenues.

In addition, the Foundation Program includes funding for eight categorical add-on programs, including programs for special needs students, transportation, special education, gifted, remedial reading, career ladder, vocational education, and early childhood development programs. Extra funding is also provided to districts based on the number of students eligible for the federal Free- and Reduced-Price Lunch Program. While the money received for this program must be spent on programs for children with special educational needs, the local school district chooses which special needs programs will be funded.

The transportation add-on pays school districts up to 75 percent of the allowable costs of school bus and other transportation. The special education add-on assists districts in providing required educational services to students with disabilities. The special education add-on also includes funding for early childhood special education that serves children ages three and four. The gifted add-on provides up to 75 percent of the cost of instructor salaries and materials to provide appropriate opportunities for gifted students.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

GENERAL ADMINISTRATION (Continued)

The Career Ladder Program provides an incentive to teachers, librarians, and counselors who voluntarily participate in professional development activities. The program provides for three career stages with salary supplements of up to \$1,500, \$3,000, and \$5,000. Each stage requires the teacher to obtain a higher level of professional development. This program is financed by state and local matching funds. Each district's local match is determined by its wealth, as measured by its assessed valuation per pupil, with wealthier districts paying a higher local match. In addition, teachers that complete the National Board for Professional Teaching Standards Program are automatically placed in the third career stage.

The Early Childhood Development Program authorizes state reimbursement to school districts that provide any of three programs for preschool children: 1) developmental screening to measure the progress of children and to determine problems, potential problems, or advanced abilities in understanding, use of language, sight, hearing, motor development, health, and physical development; 2) parent education to provide resource materials and guidance to parents to improve learning in the home; and 3) programs for developmentally delayed children to provide individual and group counseling and learning activities to help these children catch up with their peers before entering school.

State funding for vocational education programs serves as an incentive to public schools to offer vocational education programs. Also, some state vocational education funds are distributed to institutions of higher education, state agencies, and business establishments.

This appropriation also includes state funding for Missouri's State Board Operated Schools. This program is discussed in detail later in this budget.

Fiscal Year 2006 Governor's Recommendations

- \$91,350,048 other funds for equity.
- \$20,052,449 other funds for the At-Risk Program.
- \$5,000,000 Outstanding Schools Trust Fund for Parents as Teachers.
- \$303,884 for Board Operated Schools pay plan, including \$287,818 general revenue.
- \$18,821,184 State School Moneys Fund reallocated to the At-Risk Program from equity.
- \$1,640,000 State School Moneys Fund reallocated from desegregation payments to equity as required by law.
- \$360,000 State School Moneys Fund reallocated from desegregation payments to the At-Risk Program as required by law.
- (\$18,821,184) State School Moneys Fund reallocated from equity to the At-Risk Program.
- (\$347,196) and (five) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$327,496) general revenue.
- (\$55,468) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (20.16) staff core reduction from the Fiscal Year 2005 appropriation level.

EARLY GRADE LITERACY PROGRAM

In addition to the professional development provided to teachers through the foundation formula, additional funding has been provided through this program to help improve early literacy teaching statewide. Funds are used to train Reading Recovery teachers across the state in order to encourage school districts to implement a Reading Recovery Program, train Early Literacy teachers who will work with small groups of at-risk students, and train teacher leaders at approved sites.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

GENERAL ADMINISTRATION (Continued)

SCHOOL FOOD SERVICES

This program reimburses school districts for food services to enable them to offer nutritionally balanced, low-cost meals for school children. Federal funds, required state matching funds, local funds, and commodities donated by the U.S. Department of Agriculture minimize the meal charge to children.

Fiscal Year 2006 Governor's Recommendations

- \$12,922,781 federal funds for school food services.

FAIR SHARE DISTRIBUTION

Tax receipts from four cents per cigarette pack are deposited in the Fair Share Fund established by Section 149.015, RSMo. Funds are distributed to elementary and secondary schools on the basis of average daily attendance of the school district.

Fiscal Year 2006 Governor's Recommendations

- \$900,000 Fair Share Fund for distribution to school districts.

SCHOOL DISTRICT TRUST FUND DISTRIBUTION

Proposition C provides a one percent sales tax for elementary and secondary education. Revenue generated by this tax is deposited in the School District Trust Fund and distributed based on the number of eligible pupils in each school district.

Fiscal Year 2006 Governor's Recommendations

- \$42,300,000 School District Trust Fund for distribution to school districts.

COUNTY FOREIGN INSURANCE TAX

The County Foreign Insurance Tax represents the receipts of a two percent, per annum tax levied on the direct premiums of insurance companies not based in Missouri but doing business in Missouri. One-half of the net receipts of the County Foreign Insurance Tax from the previous year are distributed by the state to school districts on the basis of the number of school children within each county pursuant to Section 148.360, RSMo.

Fiscal Year 2006 Governor's Recommendations

- \$1,000,000 for distribution to school districts.

SCHOOL DISTRICT BOND PROGRAM

SB 301 (1995) created the School District Bond Fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement. The law allows up to \$7 million per year to be transferred from the Gaming Proceeds for Education Fund to the School District Bond Fund. Due to budget constraints the last several years, this program has only been funded to pay the fees that allow districts to take advantage of the State's AAA bond rating.

Fiscal Year 2006 Governor's Recommendations

- \$142,000 School District Bond Fund for assistance with costs of local school bond issuances.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

GENERAL ADMINISTRATION (Continued)

FEDERAL GRANTS AND DONATIONS

The federal grants and donations appropriation provides authority to accept and make use of federal grants and donations that may become available during the fiscal year. The department will notify the House and Senate budget committees and the Office of Administration prior to acceptance of any new financial assistance or grants.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$3,070,160 and 58 staff reallocated from various divisions for information technology resources that will be administered by the Office of Administration, including \$937,217 general revenue.
- \$21,811 for pay plan, including \$7,438 general revenue.

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION

DIVISION OF SCHOOL IMPROVEMENT

The Division of School Improvement provides consultant services to administrators and teachers in the areas of instruction and curriculum development. The division classifies and accredits school districts through the Missouri School Improvement Program. The division assists school districts in expanding or improving curriculum and instructional programs. It administers three Outstanding Schools Act programs and provides payments and local program approval for the Early Childhood Development, A+ Schools and the Safe Schools programs. The division also assists school districts in establishing and funding gifted education programs and administers the Missouri Scholars and Fine Arts Academies. In addition, the division manages the following federal programs: Title I, II, III, IV, V, Title 1 Reading First, Federal Refugee, Instructional Improvements Grants, and Drug Abuse Education.

Fiscal Year 2006 Governor's Recommendations

- \$40,572 for pay plan, including \$13,945 general revenue.
- \$239,517 reallocated from Adult Basic Education.
- (\$239,517) Outstanding Schools Trust Fund reallocated to Adult Basic Education.
- (\$166,799) and (four) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$97,875) general revenue.

DIVISION OF TEACHER QUALITY AND URBAN EDUCATION

The Division of Teacher Quality and Urban Education contains the teacher certification, professional conduct and investigation, teacher recruitment and retention, professional development, and urban education sections. The division issues teaching certificates, conducts background checks, reviews teacher education preparation programs, and provides opportunities to teachers and administrators for ongoing professional development. The division administers the National Board for Professional Teaching Standards Program, the Career Ladder Program, and teacher education assessment.

Fiscal Year 2006 Governor's Recommendations

- \$10,434 for pay plan, including \$10,072 from general revenue.
- \$59,650 reallocated from Adult Basic Education.
- (\$172,466) federal funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$59,650) Outstanding Schools Trust Fund reallocated to Adult Basic Education.
- (\$2,801) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$234) reallocated for information technology resources that will be administered by the Office of Administration, including (\$134) general revenue.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)

TITLE II, PART D - COMPUTER NETWORKING

Federal funds are available to local schools under Title II to improve student academic achievement through the use of technology in elementary and secondary schools. Funds are used to allow school districts to implement comprehensive school improvement plans through the use of technology. Priority is given to schools that serve large numbers or percentages of economically disadvantaged students and schools designated as "technology poor."

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

TITLE I – COMPENSATORY EDUCATION

Federal funds are available to local schools under Title I for compensatory education. Entitlements are awarded to school districts, institutions for delinquents, state institutions for the disabled, and adult correctional institutions with inmates under the age of 21. The grants are used to fund programs in remedial math, language arts, and reading.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

TITLE I – READING FIRST GRANT PROGRAM

Funded through Title I, this grant program provides resources to school districts for teacher professional development focused on reading instruction. The program serves students in the primary grades, and a small portion may also be used for purchasing reading materials used for instruction.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

FEDERAL INSTRUCTIONAL IMPROVEMENT GRANTS

Under Title V, states receive a percentage share of the federal appropriation based on the population from ages 5 through 17 years. At least 85 percent of the funds received by a state must be passed through to local educational agencies for education reform, programs for at-risk youth, professional development, and class size reduction.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

STEPHEN M. FERMAN MEMORIAL FOR EDUCATION OF THE GIFTED

Mr. Milton Ferman and Mrs. Frieda Morgan Ferman established the Stephen Morgan Ferman Memorial for Education of the Gifted. Donations were made in their son's name, and the annual income may be expended through the State School Moneys Fund to enhance the educational opportunities of teachers of the gifted.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)

MISSOURI SCHOLARS AND FINE ARTS ACADEMIES

The Missouri Scholars and Fine Arts Academies are three-week summer sessions for gifted students. The academies assist gifted students to achieve their full potential and stimulate the establishment and improvement of programs for gifted students.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

EARLY CHILDHOOD PROGRAM

The Early Childhood Program provides grants to schools and community partnerships for early childhood development and education programs.

Fiscal Year 2006 Governor's Recommendations

- (\$1,787,512) Early Childhood Development, Education and Care Fund core reduction from the Fiscal Year 2005 appropriation level.

HEAD START COLLABORATION

The program funds grants to support the development of public-private partnerships to promote and improve early childhood programs.

Fiscal Year 2006 Governor's Recommendations

- \$300,000 federal funds for Head Start Collaboration.

A+ SCHOOLS PROGRAM

A+ Schools must design programs to ensure that all students graduate from school, complete a challenging course of studies with identified learner expectations, and proceed from graduation to postsecondary education or a high-wage job. The program provides career choices and community college scholarships for students who might otherwise be unable to attend college.

Fiscal Year 2006 Governor's Recommendations

- \$3,826,834 Lottery Proceeds Fund for the A+ Schools Program.

STUDENT ASSESSMENT PROGRAM

The Department of Elementary and Secondary Education is required to develop a statewide assessment system for districts to determine the degree to which their students are proficient in the knowledge, skills, and competencies necessary to be successful in the workplace and postsecondary education. The assessment must show what students can do as well as what they know. The Federal No Child Left Behind Act requires these assessments to be expanded to additional grade levels.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)

ADVANCED PLACEMENT AND DUAL CREDIT INCENTIVES

The budget includes state funds to recognize public high school students who perform at a “proficient” or “advanced” level on statewide assessments. School districts will be eligible to receive grants on behalf of eligible students. The grants will pay for courses and/or exam fees that lead to college credit for these students. Federal funds are also available to assist low-income children in taking advanced placement examinations for college credit. Due to budget restraints, the Dual Credit portion of this program was not funded in FY 2005.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

TITLE II – IMPROVING TEACHER QUALITY

Funded through Title II, the federal Improving Teacher Quality Program authorizes grants to state and local education agencies for instructional improvements. School districts may use the funds to upgrade the skills and recruitment of teachers and administrators and to reduce class size.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

SAFE AND DRUG FREE SCHOOLS GRANT

The Department of Elementary and Secondary Education is eligible, on behalf of schools or groups of schools, for federal assistance under Title IV. The objectives of this program are to establish or designate local or regional advisory councils on drug abuse prevention; to establish or augment drug abuse education and prevention programs for students; and to coordinate school-based drug abuse programs with other programs in the community and with state and local health, drug and alcohol abuse, and law enforcement agencies.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

SAFE SCHOOLS GRANTS

The Safe Schools Grant Program is designed to help school districts implement safe school strategies to meet local needs. The grants can be used to purchase devices to improve physical security; to work with local police departments to provide police officers in school buildings; to develop other programs to increase security; and to place violent, abusive, and disruptive students in alternative education settings.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

PUBLIC CHARTER SCHOOLS PROGRAM

The Public Charter Schools Program was established to provide federal financial assistance for charter schools. Federal grants are awarded for planning, program design, and initial implementation of a charter school.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)

SCHOLARSHIP PROGRAM

The Scholarship Program established by the Excellence in Education Act of 1985 provides \$2,000 non-renewable scholarships to teacher education students. The department provides \$1,000 of the cost of each scholarship with \$1,000 provided by the participating college or university.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

COMPREHENSIVE SCHOOL REFORM DEMONSTRATION INITIATIVE

The Comprehensive School Reform Demonstration Initiative authorizes a research-based reform program that will allow grant awards to public schools for the implementation of whole-school, research-based reforms that qualify for funding.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

NATIONAL BOARD CERTIFICATION

Federal grants will provide financial support for Missouri teachers who elect to seek National Board Certification.

Fiscal Year 2006 Governor's Recommendations

- \$10,000 federal funds to assist teachers in obtaining National Board Certification.

RURAL AND LOW-INCOME SCHOOLS

Funding through Title VI, the Federal Rural and Low-Income Schools Program authorizes grants to rural and low-income schools for resources needed to obtain federal grants.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

TITLE III – LANGUAGE ACQUISITION

Funding through Title III, the federal Language Acquisition Program authorizes grants to ensure that children attain English proficiency.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

FEDERAL REFUGEE PROGRAM

The federal Department of Health and Human Services provides funding through the Refugee Children School Impact Grants Program to states and school districts. The funding defrays some of the costs faced by local school districts with significant numbers of refugee children.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)

CHARACTER EDUCATION INITIATIVE

The Character Education Initiative provides character education teacher training and resources to Missouri school districts. The training and resources will allow schools to emphasize the importance of universal values.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI STATE ACTION FOR EDUCATION LEADERSHIP PROJECT

The Missouri State Action for Education Leadership Project is a federal grant program designed to further the recruitment, training, and retention of school principals. The grant is funded from the Wallace Readers Digest group through the Council of Chief State School Officers.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DIVISION OF VOCATIONAL REHABILITATION

The Division of Vocational Rehabilitation provides services to Missourians with disabilities to help them overcome impediments to employment. Counseling, training, and medical services are provided based on the specific needs of each client. Vocational Rehabilitation counselors evaluate each client and prepare an individual rehabilitation plan.

Fiscal Year 2006 Governor's Recommendations

- \$246,250 federal funds for pay plan.
- (\$980,900) federal funds and (18) staff reallocated for information technology resources that will be administered by the Office of Administration.
- (\$648,436) and (15) staff transferred to the Department of Health and Senior Services, including (\$324,218) general revenue.

VOCATIONAL REHABILITATION GRANT

The Vocational Rehabilitation Program provides job training, medical assistance, and other services to individuals with disabilities to help them function effectively in the job market. To be eligible for vocational rehabilitation services, a person must have a physical or mental disability that interferes with his or her ability to obtain or hold employment and have a reasonable chance of being able to work in suitable employment if appropriate services are provided.

Fiscal Year 2006 Governor's Recommendations

- \$275,683 to match available federal funds.

DISABILITY DETERMINATIONS GRANT

The federal Social Security Administration contracts with the Department of Elementary and Secondary Education to determine whether applicants for Social Security benefits meet the necessary criteria for disabilities. The program involves purchasing extensive medical and vocational evaluations. An applicant's cost of travel to examinations is also paid from this grant. The program is funded entirely from federal funds.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF VOCATIONAL REHABILITATION (Continued)

PERSONAL CARE ASSISTANCE

Many individuals with severe physical disabilities are confined to their homes or to institutions because they are unable to perform routine daily tasks such as bathing, dressing, and eating. The Personal Care Assistance Program provides personal attendant care to such persons to enable them to live more independently, maintain their current employment, or become employable.

Fiscal Year 2006 Governor's Recommendations

- (\$67,567,837) transferred to Department of Health and Senior Services, including (\$26,141,763) general revenue.
- (\$8,264,373) core reduction from the Fiscal Year 2005 appropriation level, including (\$4,610,800) general revenue.

MEDICAID FEE FOR SERVICE

This program distributes funds to schools in order to pay for school-based early and periodic screening, diagnosis, and treatment services.

Fiscal Year 2006 Governor's Recommendations

- (\$33,369,908) transferred to the Department of Social Services, including (\$69,954) general revenue.

INDEPENDENT LIVING CENTERS

The department is authorized to establish and maintain independent living centers to ensure statewide access for the severely disabled. Centers provide disabled Missourians with self-help skills and knowledge to live more independently.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

PROJECT SUCCESS GRANT

The federal program, Strategies Utilizing Collaboration for Competitive Employment and Self Sufficiency (SUCCESS), authorizes the Division of Vocational Rehabilitation to expand employment opportunities for individuals with mental or physical disabilities who receive public support. A pilot project will be developed for the Missouri Career Center located in Columbia, Missouri, with the intention to exhibit promising new strategies for replication across Missouri's 14 workforce investment regions.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DIVISION OF VOCATIONAL AND ADULT EDUCATION

The Division of Vocational and Adult Education provides individuals with services that supply the technical knowledge and skills needed to prepare for employment. The division also develops state plans for vocational and adult education and literacy that form the basis for distribution of federal and state funds to local education agencies. Other division responsibilities include reviewing and approving vocational and adult education programs operated by local education agencies, processing applications for the tests of General Educational Development, and assisting with the development and implementation of skill training programs for unemployed and underemployed adults.

Fiscal Year 2006 Governor's Recommendations

- \$32,947 for pay plan, including \$12,796 general revenue.
- (\$153,271) and (two) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$22,000) general revenue.
- (\$673) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF VOCATIONAL AND ADULT EDUCATION (Continued)

DISTRIBUTION TO SCHOOLS

Grants are provided to educational institutions for improving vocational-technical programs. The grants may be used to provide new programs, enhance curricula, and upgrade equipment and facilities. At least 75 percent of program funding must be used for projects related to occupations with high labor market demand-to-supply ratios.

The state provides financial support to vocational programs located in public school districts, institutions of higher education, state agencies, and business establishments. Programs are designed to prepare individuals for gainful employment. The department distributes federal vocational funds and state funds to local school districts according to guidelines developed in an annual state plan for vocational education. The state and federal funds serve as an incentive to public schools to offer vocational education programs.

Since Fiscal Year 1987, new funds for area vocational schools are distributed through the "Effectiveness Index Formula," which resulted from an intensive study of vocational education completed in 1984. The formula rewards schools that provide programs with high placement rates and high labor market demand-to-supply ratios.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

WORKFORCE INVESTMENT ACT GRANTS

The federal Workforce Investment Act provides federal funds that can be used for skill training for 15 service delivery areas in Missouri. The service delivery areas contract with the Department of Elementary and Secondary Education to plan, implement, and administer skill-training programs. Vocational schools, community colleges, or proprietary schools conduct the actual training.

Fiscal Year 2006 Governor's Recommendations

- \$1,432,823 federal funds for workforce grants.

ADULT BASIC EDUCATION

The Department of Elementary and Secondary Education works with local public schools to establish adult basic education programs. The adult basic education programs provide training in the fundamental skills of English, reading, and mathematics. To enroll in a class, a person must be 16 years of age or older, out of school, and lacking a high school diploma.

Fiscal Year 2006 Governor's Recommendations

- \$1,184,991 reallocated from the Special Literacy Grant Program.
- \$239,517 Outstanding Schools Trust Fund reallocated from the Division of School Improvement.
- \$59,650 Outstanding Schools Trust Fund reallocated from the Division of Teacher Quality/Urban Education.
- (\$239,517) reallocated to the Division of School Improvement.
- (\$59,650) reallocated to the Division of Teacher Quality/Urban Education.

SPECIAL LITERACY GRANT AWARD PROGRAM

The Special Literacy Grant Award Program was established to respond to the increasing numbers of adults needing adult basic education services. A significant number of adults request services due to the mandatory participation requirements of the federal TANF/FUTURES Program.

Fiscal Year 2006 Governor's Recommendations

- (\$1,184,991) reallocated to Adult Basic Education.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF VOCATIONAL AND ADULT EDUCATION (Continued)

SCHOOL-AGE CHILD CARE

The federal Child Care and Development Block Grant provides funds to house school-aged child care programs in school buildings when they are not being used for educational classes. Program evaluation and technical assistance are provided to local schools interested in implementing school-age child care programs. The child care programs must be in compliance with state and local licensing laws and regulations governing care for school-aged children.

Fiscal Year 2006 Governor's Recommendations

- \$75,000 for the Afterschool Network Program.

TROOPS TO TEACHERS

The Troops to Teachers Program is designed to encourage military personnel transitioning to the civilian labor force to consider teaching as a post-military career.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DIVISION OF SPECIAL EDUCATION

The Division of Special Education is responsible for state and federal special education funds for Missouri public schools. The division also administers the budgets appropriated for the State Schools for the Severely Handicapped, School for the Deaf, and School for the Blind. Staff in the division monitor local school district programs for compliance with state and federal laws. The division also provides technical assistance and distributes state funds to the extended employment sheltered workshops.

Fiscal Year 2006 Governor's Recommendations

- \$17,554 for pay plan, including \$1,989 general revenue.
- (\$171,678) and (five) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$84) general revenue.

SPECIAL EDUCATION EXCESS COSTS

The program assists school districts with costs incurred for students with severe disabilities.

Fiscal Year 2006 Governor's Recommendations

- \$6,000,000 Lottery Proceeds Fund for special education excess costs.

SPECIAL EDUCATION GRANT

The Special Education Program provides federal grants to school districts to assist them in education programs and services for disabled children at the preschool, elementary, and secondary levels. The grants are used to purchase instructional and technological equipment and to purchase the services of teachers, ancillary staff, diagnostic staff, and administrators for better management of services to people with disabilities. The funds may also be used to provide in-service training for special education teachers and financial assistance to special education teachers working toward full certification.

Fiscal Year 2006 Governor's Recommendations

- \$18,000,000 federal funds for special education grants.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF SPECIAL EDUCATION (Continued)

EXCESS COSTS/SEVERE DISABILITIES SERVICES

The Excess Costs/Severe Disabilities Services Program was established to assist school districts in providing special education services to students with severe disabilities that would otherwise attend a State Board Operated School.

Fiscal Year 2006 Governor's Recommendations

- (\$2,128,634) federal funds core reduction from the Fiscal Year 2005 appropriation level.

FIRST STEPS

First Steps is an early childhood intervention program that serves children with severe developmental delays from birth to age two.

Fiscal Year 2006 Governor's Recommendations

- (\$23,323,390) core reduction from the Fiscal Year 2005 appropriation level, including (\$2,584,155) general revenue.

DSS/DMH SCHOOL PLACEMENTS

Children in residential placements through the Department of Social Services or the Department of Mental Health often are enrolled in schools outside their home districts. The state reimburses the districts where these children attend school for certain educational services when the costs exceed the amount received from the children's domiciliary districts and regular state school payments.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

OPERATING MAINTENANCE AND REPAIR

The State Board of Education operates two residential facilities, the School for the Blind in St. Louis and the School for the Deaf in Fulton, and day-school facilities – the State Schools for the Severely Handicapped, located throughout the state. This program allows maintenance staff to purchase materials and supplies to perform preventive maintenance.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

SHELTERED WORKSHOPS

Sheltered workshops are not-for-profit corporations that give people with disabilities a controlled working environment. Programs are designed to enable persons to progress toward normal living and develop their work capacities. A workshop is set up and operated as a business. The manager of the workshop bids on and acquires contracts for work from industries in the community. The Department of Elementary and Secondary Education assists the workshops in management, production, bidding, and pricing techniques.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

READERS FOR THE BLIND

The Readers for the Blind Program provides payments of \$500 per year, per blind student enrolled in elementary and secondary schools to employ readers. Blind students attending local elementary and secondary schools need reading assistance when Braille or large print materials are unavailable.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF SPECIAL EDUCATION (Continued)

BLIND LITERACY TASK FORCE

The Blind Literacy Task Force was established to develop goals and objectives to guide the improvement of special education, related services, vocational training, transition from school to work, rehabilitation services, independent living, and employment outcomes for blind and visually impaired students.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

BOARD OPERATED SCHOOLS OPERATIONS

The Missouri School for the Deaf provides elementary and secondary education in a residential environment for deaf- or hearing-impaired students from ages 5 to 21 years. Located in Fulton, Missouri, the school provides separate facilities for primary age, intermediate age, and high school students. To be admitted to the Missouri School for the Deaf, a child must be a resident of Missouri and manifest a hearing loss that seriously limits his or her chances of success in a regular public school program. The school is tuition-free with no charge for room, board, transportation, laundry, or books. In addition to direct educational programs, the school offers extensive outreach and resource services to local educational agencies.

The Missouri School for the Blind, located in St. Louis, Missouri, offers elementary and secondary education in a residential school environment for blind or visually impaired students from ages 5 to 21. The school provides special teaching methods, materials, and curriculum needed by children with vision impairment. A program for students provides diagnosis, evaluation, individualized programming, physical therapy, occupational therapy, speech and language therapy, adaptive physical education, and audiological examinations.

State law mandates that all children in Missouri, regardless of any disabling condition, be entitled to an appropriate educational program. For students too severely disabled to be served effectively by local public schools, the Department of Elementary and Secondary Education operates 37 state schools and contracts with private non-profit agencies to provide educational services for children the state schools cannot practically serve. These schools offer day programs in basic and prevocational training with the ultimate goal of assisting students in functioning semi-independently in their homes and communities. Programs include self-care, sensory and perceptual training, language development, interpersonal relations, home-living, and functional academics. The state provides transportation for the students. State funding for the State Board Operated Schools is appropriated in the Foundation Program.

SCHOOL FOR THE DEAF TRUST FUND

The School for the Deaf Trust Fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Deaf. The funds are invested or used for program improvements and facility additions at the School for the Deaf. Some funds are specifically donated for awards to students in areas such as scholarship, character, and leadership.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

SCHOOL FOR THE BLIND TRUST FUND

The School for the Blind Trust Fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Blind. The funds are invested or used for program improvements and facility additions at the School for the Blind.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

BOARD OPERATED SCHOOLS OPERATIONS (Continued)

STATE SCHOOLS FOR THE SEVERELY HANDICAPPED TRUST FUND

The Handicapped Children's Trust Fund was established to receive gifts and bequests from individuals who wish to assist the State Schools for the Severely Handicapped. The money in the fund is invested each year in short-term securities or used to purchase supplies, equipment, and materials used in the state schools.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

COMMISSION FOR THE DEAF AND HARD OF HEARING

Section 161.400, RSMo, authorized establishment of the Missouri Commission for the Deaf and Hard of Hearing within the Department of Elementary and Secondary Education. SB 568 (1994) established a Board for Certification of Interpreters within the Commission for the Deaf. The board is responsible for certifying interpreters for the deaf prior to licensure.

Fiscal Year 2006 Governor's Recommendations

- \$2,409 for pay plan, including \$2,109 general revenue.
- (\$14,346) reallocated for information technology resources that will be administered by the Office of Administration, including (\$2,346) general revenue.
- (\$79) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

TRANSFER OF FUNDS TO OUTSTANDING SCHOOLS TRUST FUND

The Outstanding Schools Act (1993) provides revenues for the formula equity provisions of the act. These revenues are transferred from general revenue into the Outstanding Schools Trust Fund to pay for the initiatives in the Outstanding Schools Act.

Fiscal Year 2006 Governor's Recommendations

- Total funds to be transferred from general revenue to the Outstanding Schools Trust Fund \$ 435,800,000

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
General Revenue Fund	\$ 394,400,000	\$ 396,200,000	\$ 435,800,000

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**TRANSFER OF FUNDS TO STATE SCHOOL MONEYS FUND**

Funds are transferred from general revenue and the Gaming Proceeds for Education Fund to the State School Moneys Fund to meet appropriation obligations.

Fiscal Year 2006 Governor's Recommendations

• Total recommended appropriation from State School Moneys Fund	\$ 2,325,709,602
• Less amount available in State School Moneys Fund from gaming proceeds, the School Building Revolving Fund, cigarette taxes, investment earnings, Ferman Memorial funds, and the balance	<u>(378,149,709)</u>
• Total funds to be transferred from general revenue to State School Moneys Fund	\$ 1,947,559,893
• Total funds transferred from Gaming Proceeds for Education Fund	<u>271,714,074</u>
• Total transferred to the State School Moneys Fund	\$ 2,219,273,967

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
General Revenue Fund	\$ 1,837,494,202	\$ 1,945,559,893	\$ 1,947,559,893
Gaming Proceeds for Education Fund	<u>249,080,433</u>	<u>239,950,000</u>	<u>271,714,074</u>
TOTAL	\$ 2,086,574,635	\$ 2,185,509,893	\$ 2,219,273,967

TRANSFER OF FUNDS TO SCHOOL DISTRICT BOND FUND

SB 301 (1995) allows up to \$7 million to be transferred from the Gaming Proceeds for Education Fund to the School District Bond Fund for use by the Missouri Health and Educational Facilities Authority to pay costs associated with school bond issues and credit enhancement.

Fiscal Year 2006 Governor's Recommendations

- \$45,926 Gaming Proceeds Fund for transfers to the School District Bond Fund.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Gaming Proceeds for Education Fund	\$ 450,000	\$ 450,000	\$ 495,926

DEPARTMENT OF HIGHER EDUCATION

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Higher Education Coordination	\$ 725,506	\$ 805,825	\$ 805,825	\$ 454,799
Information Technology Consolidation	0	0	0	1,151,953
Proprietary School Regulation	154,668	258,742	258,262	226,246
Midwest Higher Education Commission	82,500	82,500	82,500	82,500
State Anatomical Board	2,815	3,069	3,069	3,069
Federal Education Programs	1,219,621	3,776,425	3,776,425	3,777,005
Financial Aid	97,791,465	140,466,120	140,404,657	139,273,294
Community Colleges	126,120,903	133,338,066	133,138,066	133,138,066
Technical Colleges	4,300,870	4,540,164	4,540,164	4,540,164
Four-Year Colleges and Universities	676,333,203	717,850,933	717,554,133	717,554,133
University of Missouri - Related Programs	46,787,824	47,997,688	49,522,688	45,934,463
DEPARTMENTAL TOTAL	\$ 953,519,375	\$ 1,049,119,532	\$ 1,050,085,789	\$ 1,046,135,692
General Revenue Fund	815,064,751	862,342,574	861,157,269	857,179,450
Federal Funds	2,570,995	6,247,637	6,247,637	6,250,409
Missouri Student Grant Program Gift Fund	0	50,000	50,000	50,000
Lottery Proceeds Fund	73,338,041	75,865,310	75,865,310	75,865,310
Spinal Cord Injury Fund	115,938	375,000	400,000	400,000
State Seminary Moneys Fund	190,379	250,000	250,000	250,000
Healthy Families Trust Fund - Health Care Account	0	0	628,200	628,200
GEAR UP Scholarship Fund	40,896	200,000	200,000	200,000
Proprietary School Bond Fund	0	100,000	100,000	100,000
U.S. Department of Education Interest Account Fund	711,702	2,002,820	0	0
State Seminary Fund	1,500,000	1,500,000	3,000,000	3,000,000
Guaranty Agency Operating Fund	13,287,209	15,186,191	17,187,373	17,212,323
Federal Student Loan Reserve Fund	46,699,464	85,000,000	85,000,000	85,000,000
Full-time equivalent employees	73.94	89.73	89.73	83.65

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$1 billion for the Department of Higher Education. The department provides services for Missourians pursuing a postsecondary education. The core functions provided by the Department of Higher Education include:

- Supporting Missouri's two- and four-year institutions of higher education. Missouri's higher education institutions play a critical role in supplying the skilled workers that are necessary to stimulate economic growth in the state.
- Providing financial assistance to allow needy students access to higher education and to encourage Missouri's top academic achievers to attend Missouri higher education institutions.
- Planning for postsecondary education, evaluating institutional missions and performance, regulating proprietary institutions, and approving new degree programs offered by public colleges and universities.

Advancing Health-Related Research and Treatment

Missouri Telehealth Resource Center

Governor Blunt recommends \$628,200 for a one-time grant to the Missouri Telehealth Resource Center at the University of Missouri-Columbia School of Medicine. Telemedicine allows increased access to health care in underserved areas and expands access to specialty care by enabling patients and providers to interact with health care professionals located miles apart. Telemedicine also brings continuing education and training to medical professionals in isolated areas of the state.

DEPARTMENT OF HIGHER EDUCATION

POLICY SUMMARY (Continued)

Spinal Cord Injury Research

Governor Blunt recommends \$25,000 for the Spinal Cord Injury Research Program. The Spinal Cord Injury Advisory Board, appointed by the Board of Curators of the University of Missouri, awards funds to investigators for research projects that promote an advancement of knowledge in the area of spinal cord injuries and congenital or acquired disease processes.

Maintaining a Commitment to Higher Education and Addressing the Costs of Rising Tuition

Governor Blunt is proud to be able to provide higher education with consistent and reliable funding, even in the face of incredible budget pressures. By making the tough choices associated with this budget, where for the first time in several years expenditures actually match up with the revenue coming into the state, Governor Blunt hopes to be able to avoid the problems recently experienced where uncertainty has surrounded how much general revenue will be available to higher education. Budget reductions and withholdings in recent years have led to dramatic increases in tuition and fees for Missouri students and their families.

Tuition and fees at Missouri's four-year institutions have increased by an average of 23.8 percent in the last two years, while tuition and fees at Missouri's community colleges have risen by an average of 16.2 percent over the same period. Over the past five years, the increases are even more dramatic, with tuition costs at four-year institutions and community colleges rising by 60.1 percent and 45.0 percent respectively. These tuition increases have placed an enormous financial burden on Missouri students and their families and have forced an increasing number of students to take on unacceptably high levels of debt in order to pursue a college education. Other families, particularly those families with lower and middle incomes, are no longer able to afford the cost of college. To help Missouri families cope with these rising tuition costs, Governor Blunt has challenged Missouri's colleges and universities to increase the efficiency of their operations. By operating more efficiently, Missouri's higher education institutions should be able to limit tuition increases to a reasonable level.

Supporting Higher Education's Role in Economic Development

Increasing commercialization of technology developed at Missouri's public colleges and universities can create a valuable income stream from which institutions and the state as a whole can benefit. Information regarding research project discoveries and patented technologies at Missouri's public colleges and universities should, whenever possible, be made public. Missouri institutions need to advertise potential commercial applications and aggressively market them to the appropriate industries. Every good idea needs a champion. Missouri should create economic incentives to reward individuals that develop the technology and license it to outside institutions.

DEPARTMENT OF HIGHER EDUCATION

POLICY SUMMARY (Continued)

Table 1: Performance measures the Department of Higher Education uses to evaluate the outcomes of higher education

	2001	2002	2003
Number of graduates of Missouri public institutions entering Missouri's workforce			
Associate degree graduates	6,908	6,695	7,541
Average salary	\$20,655	\$20,243	\$19,657
Percent employed in Missouri	74%	74%	73%
Bachelor degree graduates	15,349	16,184	16,414
Average salary	\$25,977	\$24,746	\$24,093
Percent employed in Missouri	63%	63%	63%
Masters degree graduates	4,267	4,304	4,729
Average salary	\$39,290	\$38,803	\$37,198
Percent employed in Missouri	61%	60%	58%
Doctoral degree graduates	423	397	426
Average salary	\$44,935	\$50,655	\$50,752
Percent employed in Missouri	38%	34%	38%

Table 2: Performance measures the Department of Higher Education uses to evaluate the impact of higher education

	2002	2003	2004
Number of graduates of the higher education system	56,628	60,134	61,692

Table 3: Performance measures the Department of Higher Education uses to evaluate the level of student financial assistance

	2002	2003	2004
Number of students applying for student financial assistance	164,000	165,000	170,000
Number of students receiving state student financial assistance	27,459	25,727	25,540
Dollar amount awarded in state student financial assistance	\$44,818,781	\$41,713,900	\$41,178,319

Table 4: Performance measures the Department of Higher Education uses to evaluate the cost of higher education

	2003	2004	2005
Average cost of in-state tuition and fees at Missouri's four-year institutions	\$4,539	\$5,219	\$5,619
Average cost of in-district tuition and fees at Missouri's two-year institutions	\$1,768	\$1,934	\$2,054

DEPARTMENT OF HIGHER EDUCATION

POLICY SUMMARY (Continued)

Table 5: Performance measures the Department of Higher Education uses to evaluate the performance of public community colleges

	2001	2002	2003
<u>Student Advancement</u>			
First year success (24 credit hours and 2.0 GPA by end of spring semester) of first-time, full-time degree seeking freshmen	39%	40%	40%
Number of graduates with certificates of one year or more or associate degrees	7,228	7,396	8,214
Percentage of baccalaureate graduates that successfully transferred from a community college with 12 or more credit hours	18.6%	21.0%	21.3%

Table 6: Performance measures the Department of Higher Education uses to evaluate the performance of four-year public colleges and universities

	2001	2002	2003
<u>Student Advancement</u>			
First year success (24 credit hours and 2.0 GPA by spring of first year) of first-time, full-time degree seeking freshmen	72%	71%	73%
Six-year graduation rates for first-time, full-time degree seeking freshmen	55.6%	56.4%	57.6%
<u>Quality of Baccalaureate Program Graduates</u>			
Percentage who scored at or above the 50 th percentile on a nationally normed test in general education	62.4%	61.2%	61.0%
Percentage who took a nationally normed test in their major and scored at or above the 50 th percentile	58.8%	57.2%	55.5%
Percentage who passed a licensure, certification, or a registration exam	83.0%	79.6%	93.8%
<u>Quality of Prospective Teachers</u>			
Percentage who met teacher program entry standards	75%	78%	69%
Percentage who met teacher program exit standards	60%	56%	61%

DEPARTMENT OF HIGHER EDUCATION

HIGHER EDUCATION COORDINATION

This program includes the Commissioner of Higher Education, the general administrative staff, and the expenses of the Coordinating Board. Under direction of the Coordinating Board, the administrative staff reviews and coordinates the programs of approximately 58 public and private institutions of higher education. Staff also prepares the Coordinating Board's budget recommendations for public colleges and universities. Other program responsibilities include collecting and distributing student enrollment data and reviewing and approving proposed new degree programs at public institutions.

Fiscal Year 2006 Governor's Recommendations

- \$3,668 for pay plan.
- (\$300,755) and (5.06) staff in core reduction from the Fiscal Year 2005 appropriation level.
- (\$53,939) and (1.7) staff reallocated for information technology resources that will be administered by the Office of Administration.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$7,671 for pay plan, including \$1,739 general revenue.
- \$1,145,282 and 14.81 staff reallocated for information technology resources that will be under the control of the Office of Administration, including \$182,176 general revenue.

PROPRIETARY SCHOOL REGULATION

Sections 173.600 through 173.618, RSMo, provide for the regulation of proprietary schools operating in the State of Missouri. There are approximately 145 proprietary schools in operation. The Coordinating Board is charged with the authority to issue, revoke, or suspend certificates of approval ensuring that proprietary schools meet minimum state standards, place schools on probation, require each school to file a security bond, and collect data from certified proprietary schools.

Fiscal Year 2006 Governor's Recommendations

- \$1,005 for pay plan.
- (\$31,310) and (.52) staff in core reduction from the Fiscal Year 2005 appropriation level.
- (\$1,711) reallocated for information technology resources that will be administered by the Office of Administration.
- (\$480) transferred to the statewide leasing budget.

MIDWEST HIGHER EDUCATION COMMISSION

The Midwest Higher Education Commission is a consortium of states that work together on student exchange agreements, higher education research and policy development, and cost saving programs in which Missouri institutions may participate. Membership in the organization requires payment of annual dues. Missouri became a member state of the Midwest Higher Education Commission pursuant to the provisions of Sections 173.708 through 173.710, RSMo.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

STATE ANATOMICAL BOARD

Sections 194.120 through 194.180, RSMo, authorize the State Anatomical Board to collect and distribute human cadavers to qualified medical schools. Expenditures consist of fixed stipends for officers of the board and per capita stipends for doctors with the responsibility for receipt and distribution of cadavers. Participating schools pay a per-student assessment of 50 cents which is deposited in general revenue.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF HIGHER EDUCATION

FEDERAL EDUCATION PROGRAMS AND DONATIONS

The Improving Teacher Quality States Grant Program provides federal funds for the improvement of instruction in the core subject areas in grades K-12. The Department of Higher Education administers its portion of these funds through a competitive grant process. The funds are used to design and develop professional development projects addressing the needs of K-12 teachers in the targeted core academic subjects of mathematics and science.

In addition, department staff will continue to pursue federal grants, foundation resources, and private donations to support new programs.

Fiscal Year 2006 Governor's Recommendations

- \$580 federal funds for pay plan.

**DEPARTMENT OF HIGHER EDUCATION
STUDENT FINANCIAL AID**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
GRANTS AND SCHOLARSHIPS			
Administration	\$ 269,945	\$ 281,356	\$ 124,459
Academic Scholarship Program	15,787,000	15,787,000	15,787,000
Charles E. Gallagher Grant Program	16,170,957	16,628,436	16,628,436
Public Service Survivor Grant Program	33,832	60,710	60,710
Vietnam Veterans Survivors Scholarship Program	21,607	83,570	50,000
Marguerite Ross Barnett Scholarship Program	425,000	425,000	425,000
Missouri College Guarantee Program	3,175,000	3,175,000	3,175,000
Advantage Missouri Program	410,000	164,825	105,000
GEAR UP PROGRAM	799,749	1,671,212	1,658,404
MISSOURI STUDENT LOAN PROGRAM	60,698,375	102,189,011	101,259,285
TOTAL	\$ 97,791,465	\$ 140,466,120	\$ 139,273,294
General Revenue Fund	32,939,413	32,805,897	32,555,605
Federal Funds	1,351,374	2,471,212	2,458,404
Other Funds	63,500,678	105,189,011	104,259,285
Full-time equivalent employees	57.23	71.78	58.17

ADMINISTRATION OF STATE GRANT AND SCHOLARSHIP PROGRAMS

Administration of state grant and scholarship programs includes determining an applicant's eligibility for a grant, determining the amount of individual grants, issuing payments, and monitoring school financial aid offices for compliance with program requirements. Approximately 25,450 grants and scholarships totaling nearly \$41.1 million annually are distributed by the department.

Fiscal Year 2006 Governor's Recommendations

- \$595 for pay plan.
- (\$126,526) and (2.45) staff reallocated for information technology resources that will be administered by the Office of Administration.
- (\$30,966) and (.5) staff in core reduction from the Fiscal Year 2005 appropriation level.

ACADEMIC SCHOLARSHIP PROGRAM

The Academic Scholarship Program ("Bright Flight") provides \$2,000 scholarships for Missouri high school graduating seniors scoring in the top three percent of all Missouri students taking either the American College Test (ACT) or the Scholastic Aptitude Test (SAT) of the College Board. The students must use the scholarship to attend a Missouri college or university. The scholarships are renewable up to a total of ten semesters. An estimated 8,200 students will be awarded scholarships in Fiscal Year 2006.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

CHARLES E. GALLAGHER GRANT PROGRAM

The Charles E. Gallagher Student Financial Assistance (Missouri Student Grant) Program provides grants to eligible Missouri postsecondary students of up to a maximum of ten semesters based on the lesser of: (a) demonstrated financial need, (b) one-half the tuition and fees of the previous year, or (c) \$1,500.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF HIGHER EDUCATION

STUDENT FINANCIAL AID (Continued)

PUBLIC SERVICE SURVIVOR GRANT PROGRAM

The Public Service Survivor Grant Program provides educational benefits to the children and spouses of certain public employees killed or permanently and totally disabled in the line of duty. An eligible child, up to the age of 24, or an eligible spouse may receive a grant to enroll in a program leading to a certificate, associate degree, or baccalaureate degree at an approved public or private postsecondary institution. The grant may not exceed the amount paid in tuition by a full-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

VIETNAM VETERANS SURVIVORS SCHOLARSHIP PROGRAM

The Vietnam Veterans Survivors Scholarship Program provides educational benefits to the spouse or child of a veteran of the Vietnam War whose death was caused by exposure to toxic chemicals. The maximum award may not exceed the amount of tuition paid by a full-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2006 Governor's Recommendations

- (\$33,570) core reduction from the Fiscal Year 2005 appropriation level.

MARGUERITE ROSS BARNETT SCHOLARSHIP PROGRAM

The Marguerite Ross Barnett Scholarship Program provides grants to part-time undergraduate students who are employed and compensated for at least 20 hours per week and who have financial need. The maximum award may not exceed the amount of tuition paid by a part-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI COLLEGE GUARANTEE PROGRAM

The Missouri College Guarantee Program provides scholarships based on financial need to students that meet specified academic standards. The program is designed to serve Missouri students most in need regardless of institutional choice.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

ADVANTAGE MISSOURI PROGRAM

The Advantage Missouri Program is a loan and loan forgiveness program designed to address workforce needs in high demand occupations. Students enrolling in an academic program in an occupational field of high demand may apply for a loan that will forgive one year of the loan for each year the student works in Missouri in that specified field. The current targeted occupational areas are biomedical/biotechnology, advanced manufacturing technology, and computer technology.

Fiscal Year 2006 Governor's Recommendations

- (\$59,825) core reduction to reflect the General Assembly's intent to phase-out this program.

DEPARTMENT OF HIGHER EDUCATION

STUDENT FINANCIAL AID (Continued)

GEAR UP PROGRAM

The Department of Higher Education has been awarded a federal GEAR UP grant that will help improve the educational attainment of Missouri citizens by providing early college preparation and awareness activities to participating students through comprehensive mentoring, counseling, outreach, and other support services. These activities promote equal access to educational excellence through partnership efforts on behalf of low-income, underrepresented students, and ensure that targeted students have access to rigorous courses that prepare them for college. Fourteen Missouri high schools in five public school districts with more than 3,000 tenth grade students are participating in the GEAR UP Program. Participants of the program may be eligible for scholarships based on high school performance and financial need.

Fiscal Year 2006 Governor's Recommendations

- \$2,192 federal funds for pay plan.
- (\$15,000) federal funds reallocated for information technology resources that will be administered by the Office of Administration.

MISSOURI STUDENT LOAN PROGRAM AND ADMINISTRATION

The Missouri Student Loan Program provides repayable loans to parents and students through commercial lending institutions. Since its inception in 1979, the program has guaranteed approximately two million loans totaling over \$6.4 billion. In Fiscal Year 2006, approximately 100 lending institutions will participate in loaning funds to students attending more than 125 eligible institutions. Approximately 180,000 loans totaling over \$881 million annually are guaranteed by the department benefiting nearly 100,000 Missouri students and their families. The Missouri Student Loan Program uses private contractors to aid in processing and servicing its loans. The loan program staff performs activities including outreach services to students, schools, and lenders; the administration of the Administrative Wage Garnishment and Automated Transfer of Money programs; general loan program administration; and functions necessary to oversee contractor services and ensure compliance with state and federal law.

Fiscal Year 2006 Governor's Recommendations

- \$19,018 Guaranty Agency Operating Fund for pay plan.
- (\$947,106) Guaranty Agency Operating Fund and (10.66) staff reallocated for information technology resources that will be administered by the Office of Administration.
- (\$1,638) Guaranty Agency Operating Fund transferred to the statewide leasing budget.

DEPARTMENT OF HIGHER EDUCATION

AID TO PUBLIC COMMUNITY COLLEGES

The budget recommendations for Missouri public community colleges are based on the recommendations developed by the Coordinating Board. The 12 institutions (18 campuses) eligible to receive state aid are: Crowder College in Neosho, East Central College in Union, Jefferson College in Hillsboro, Metropolitan Community Colleges – five campuses in the Kansas City area, Mineral Area College in Park Hills, Moberly Area Community College in Moberly, North Central Missouri College in Trenton, Ozarks Technical Community College in Springfield, St. Charles Community College in St. Peters, St. Louis Community College – three campuses in St. Louis City and County, State Fair Community College in Sedalia, and Three Rivers Community College in Poplar Bluff.

Fiscal Year 2006 Governor's Recommendations

- (\$200,000) for one-time expenditures.

LINN STATE TECHNICAL COLLEGE

Senate Bill 101 (1995) established Linn State Technical College with a statewide mission to offer highly specialized and advanced technical education and training at the certificate and associate degree level.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

PUBLIC FOUR-YEAR INSTITUTIONS OF HIGHER EDUCATION

The budget recommendations for Missouri's ten public, four-year institutions of higher education are based on the recommendations developed by the Coordinating Board. Missouri's public, four-year institutions of higher education include: Central Missouri State University at Warrensburg, Harris-Stowe State College at St. Louis, Lincoln University at Jefferson City, Missouri Southern State University - Joplin, Missouri Western State College at St. Joseph, Northwest Missouri State University at Maryville, Southeast Missouri State University at Cape Girardeau, Southwest Missouri State University at Springfield, Truman State University at Kirksville, and the University of Missouri system.

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Central Missouri State University	\$ 50,990,454	\$ 53,827,478	\$ 53,827,478
Harris-Stowe State College	9,293,601	9,810,682	9,810,682
Lincoln University	15,869,632	16,752,592	16,752,592
Missouri Southern State University - Joplin	19,762,578	21,112,134	20,862,134
Missouri Western State College	19,482,162	20,766,117	20,566,117
Northwest Missouri State University	28,292,300	29,866,436	29,866,436
Southeast Missouri State University	41,521,803	43,832,008	43,832,008
Southwest Missouri State University	75,424,476	80,295,971	79,820,971
Truman State University	38,619,433	40,768,154	40,768,154
Subtotal	299,256,439	317,031,572	316,106,572
University of Missouri	377,076,764	400,819,361	401,447,561
TOTAL	\$ 676,333,203	\$ 717,850,933	\$ 717,554,133
General Revenue Fund	612,854,175	652,408,636	651,483,636
Lottery Proceeds Fund	63,479,028	65,442,297	65,442,297
Healthy Families Trust Fund - Health Care Account	0	0	628,200

Fiscal Year 2006 Governor's Recommendations

- \$628,200 Healthy Families Trust Fund for continued funding of the Missouri Telehealth Resource Center at the University of Missouri – Columbia School of Medicine.
- (\$925,000) for one-time expenditures.

**DEPARTMENT OF HIGHER EDUCATION
UNIVERSITY OF MISSOURI – RELATED PROGRAMS**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
MOBIUS	\$ 630,053	\$ 649,539	\$ 649,539
MOREnet	14,554,269	14,504,401	11,603,521
University Hospital and Clinics	8,644,321	13,135,457	13,135,457
Ellis Fischel Cancer Center	4,097,072	0	0
Missouri Rehabilitation Center	9,813,190	10,116,691	10,116,691
Missouri Institute of Mental Health	2,230,854	2,299,850	1,839,880
Missouri Kidney Program	3,896,271	4,016,774	4,016,774
State Historical Society	894,923	922,601	922,601
Alzheimer's Research Program	220,554	227,375	0
Spinal Cord Injury	115,938	375,000	400,000
State Seminary Investments	1,500,000	1,500,000	3,000,000
State Seminary Income on Investments	190,379	250,000	250,000
TOTAL	\$ 46,787,824	\$ 47,997,688	\$ 45,934,463
General Revenue Fund	44,981,507	45,872,688	42,284,463
Spinal Cord Injury Fund	115,938	375,000	400,000
State Seminary Fund	190,379	250,000	250,000
State Seminary Moneys Fund	1,500,000	1,500,000	3,000,000

UNIVERSITY OF MISSOURI – RELATED PROGRAMS

The University of Missouri has administrative responsibility for a range of programs that are related to its institutional mission, but are not a part of the education and general operations: Missouri Bibliographic Information User System (MOBIUS), Missouri Research and Education Network (MOREnet), University Hospital and Clinics, Missouri Rehabilitation Center, Missouri Institute of Mental Health, Missouri Kidney Program, the State Historical Society, Alzheimer's Research Program, Spinal Cord Injury Research Program, and investments and interest from State Seminary Fund and State Seminary Moneys Fund.

MISSOURI BIBLIOGRAPHIC INFORMATION USER SYSTEM (MOBIUS)

The Missouri Bibliographic Information User System, also known as MOBIUS, is a consortium of academic libraries with member colleges and universities in the State of Missouri. Fifty charter members began the project in January 1999. The largest single project for which MOBIUS is responsible is the Common Library Platform project. The Common Library Platform is a collaboration among state agencies and public and independent colleges and universities that allows academic libraries to share 19 million volumes, approximately \$1 billion worth of library books and materials, owned by Missouri's public and independent higher education institutions. The University of Missouri serves as the host site to administer and operate the shared system hardware and software.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI RESEARCH AND EDUCATION NETWORK (MOREnet)

MOREnet operates a shared network infrastructure for elementary and secondary education, higher education, public libraries, state government, and community information networks. This shared network infrastructure includes connections to the Internet and a statewide backbone with hubs to connect each site. MOREnet integrates voice, video, and data transmissions, as well as handles the ever-increasing demand for network capacity to conduct research.

Fiscal Year 2006 Governor's Recommendations

- (\$2,900,880) core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF HIGHER EDUCATION

UNIVERSITY OF MISSOURI – RELATED PROGRAMS (Continued)

HOSPITAL AND CLINICS

The University of Missouri-Columbia operates a teaching facility for medical, nursing, and other health care field students. In addition, the facility provides inpatient care, outpatient care, and specialized medical services to both area residents and persons referred from throughout the state. The hospital budget includes costs associated with providing patient care and maintenance of the facility. Instructional and research activity costs are included in the university's general operating budget. The university also operates the Ellis Fischel Cancer Center which provides comprehensive medical treatment, conducts clinical research, and offers education to both health professionals and Missourians at large.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI REHABILITATION CENTER

The Missouri Rehabilitation Center provides medical treatment for traumatic brain injury, comprehensive rehabilitation services, pulmonary/ventilator rehabilitation, tuberculosis treatment, terminal and acute care, and outpatient services.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI INSTITUTE OF MENTAL HEALTH

The Missouri Institute of Mental Health, operated by the School of Medicine of the University of Missouri at Columbia, is a mental health research and teaching institute that provides educational and staff support to the Department of Mental Health. The institute researches the basic causes of mental illness and methods for improved patient care and operates training programs for mental health professionals.

Fiscal Year 2006 Governor's Recommendations

- (\$459,970) core reduction from the Fiscal Year 2005 appropriation level.

MISSOURI KIDNEY PROGRAM

The Missouri Kidney Program enables Missourians with end-stage renal disease to obtain treatment. The program contracts with federally approved dialysis centers and facilities and pays those costs of dialysis or kidney transplantation not paid by other sources such as Medicare, Medicaid, and private insurance. Patients' drugs, transportation expenses, and medical bills are paid by the program, along with the needed medical equipment and supply costs.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

STATE HISTORICAL SOCIETY

The State Historical Society of Missouri is directed by statute to collect, preserve, publish, and make accessible those materials that pertain to the history of Missouri and western America. The staff conducts research projects, publishes the quarterly Missouri Historical Review, and produces other publications.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF HIGHER EDUCATION

UNIVERSITY OF MISSOURI – RELATED PROGRAMS (Continued)

ALZHEIMER'S RESEARCH PROGRAM

The program funds research that will advance knowledge concerning Alzheimer's disease and related disorders. An advisory board makes research awards to researchers in public or private educational, health care, and research institutions and other voluntary health associations.

Fiscal Year 2006 Governor's Recommendations

- (\$227,375) core reduction from the Fiscal Year 2005 appropriation level.

SPINAL CORD INJURY RESEARCH

The program funds research that will advance knowledge concerning spinal cord injuries and congenital or acquired disease processes. Research awards are made by an advisory board to researchers in public or private educational, health care, and research institutions and other voluntary health associations. Funds for this research come from fees assessed to individuals who are convicted of intoxication-related offenses, as well as surcharges from all criminal cases including violations of any county ordinance or any violation of criminal or traffic laws of this state.

Fiscal Year 2006 Governor's Recommendations

- \$25,000 Spinal Cord Injury Fund for additional research projects focused on spinal cord injuries.

STATE SEMINARY FUND INVESTMENTS AND INTEREST ON INVESTMENTS

The State Seminary Fund consists of the proceeds of the sale of land donated to the state, proceeds from a direct tax received from the United States, the James S. Rollins Scholarship Fund, and others. Income from the State Seminary Moneys Fund is given to the University of Missouri as required by Article IX, Section 6 of the Missouri Constitution, and by Section 172.610, RSMo.

Fiscal Year 2006 Governor's Recommendations

- \$1,500,000 State Seminary Fund to allow for reinvestment of maturing bonds.

DEPARTMENT OF REVENUE

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Division of Administration	\$ 15,645,884	\$ 17,669,942	\$ 7,465,304	\$ 7,505,872
Division of Taxation	39,605,220	44,303,613	41,104,162	41,361,988
Division of Motor Vehicle and Drivers Licensing	34,284,358	36,666,652	2,829,903	2,837,885
State Tax Commission	2,738,528	2,862,088	2,862,088	2,888,090
Distributions	219,189,806	238,137,888	283,757,558	283,757,558
State Lottery Commission	142,579,268	119,202,305	119,202,305	119,270,231
DEPARTMENTAL TOTAL	\$ 454,043,064	\$ 458,842,488 *	\$ 457,221,320	\$ 457,621,624
General Revenue Fund	69,387,674	90,400,447	118,259,351	118,573,293
Federal Funds	5,771,302	9,001,789	7,644,994	7,647,174
Child Support Enforcement Collection Fund	2,397,774	2,621,930	2,621,930	2,622,152
Health Initiatives Fund	48,822	53,829	53,829	54,276
Division of Aging Elderly Home				
Delivered Meals Trust Fund	14,274	22,204	22,204	22,318
DOR Technology Upgrade Fund	0	0	1	1
Petroleum Storage Tank Insurance Fund	23,146	25,169	25,169	25,409
Motor Vehicle Commission Fund	722,181	1,022,339	1,022,339	1,027,994
Conservation Commission Fund	546,215	710,876	539,158	544,047
Department of Revenue Information Fund	920,778	988,916	988,916	993,310
State Highways and Transportation				
Department Fund	43,129,190	46,760,232	18,803,672	18,803,672
Lottery Enterprise Fund	142,579,268	119,202,305	119,202,305	119,270,231
Petroleum Inspection Fund	30,760	32,452	32,452	32,747
Motor Fuel Tax Fund	188,471,680	188,000,000	188,000,000	188,000,000
Department of Revenue Specialty Plate Fund	0	0	5,000	5,000
Full-time equivalent employees	2,071.37	2,107.70	1,891.20	1,891.20

* Does not include \$176,250 recommended in the Fiscal Year 2005 Supplemental Appropriations, including \$160,000 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Revenue supplemental appropriations.

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$457.6 million for the Department of Revenue. The department serves as the primary revenue collection agency for the State of Missouri. It strives to ensure that all taxes and fees owed to the state are paid, taxpayers are served conscientiously and efficiently, and revenues are collected at minimal administrative expense. The core functions provided by the Department of Revenue include:

- Preparing tax forms.
- Processing tax forms, returns, associated payments, and refunds.
- Titling and registering motor vehicles.
- Licensing drivers.
- Investigating instances of suspected tax or fee avoidance.

In November 2004, Missouri voters approved the transportation ballot initiative known as Constitutional Amendment No. 3. The amendment limits the amount of highway funds the Department of Revenue may receive to the actual cost of collections of highway-related taxes and fees, or three percent of a particular tax or fee type, whichever is less. Any remaining collection costs for highway-related revenues must be borne by general revenue. In order to minimize the amount of general revenue needed while ensuring that important highway-related functions of the department are performed efficiently and effectively, the Governor recommends the following measures.

- Closing the department's 11 motor vehicle and drivers licensing branch offices, which will be replaced by fee offices. This will save \$5.1 million and result in elimination of 194 staff.
- Cutting 22.5 staff to streamline service delivery, resulting in savings of \$1.4 million.

DEPARTMENT OF REVENUE

POLICY SUMMARY (Continued)

The Department of Revenue will expand cost-cutting efforts under Governor Blunt's leadership. In Fiscal Year 2006, the department will:

- Work closely with the Internal Revenue Service to develop and implement an electronic filing mechanism for corporate income tax by calendar year 2006. Filing electronically minimizes calculation errors, which constitute the majority of mistakes on tax returns. Minimizing these errors will allow the department to process returns more efficiently.
- Enhance its current web site to allow individual and business customers the ability to pay their outstanding tax debt in installments via the Internet. The self-service installment agreement gives taxpayers greater flexibility to become tax compliant. They will have a convenient mechanism to initiate installment agreements that suit their circumstances.
- Expand the 2D Barcode application to allow more forms/returns to be processed through a scanning mechanism, thus eliminating the need for key entry of those particular forms or returns.

Some performance measures the Department of Revenue uses to evaluate its goal of efficiently serving Missourians follow:

	2002	2003	2004
Average number of days to deposit individual income tax payments:			
- Pre April 15	.46	.48	.49
- Post April 15	5.50	3.50	2.50
Delinquent individual income taxes collected (millions)	\$67.0	\$73.0	\$85.5
Delinquent business taxes collected (millions)	\$118.3	\$135.9	\$117.8

DEPARTMENT OF REVENUE

DIVISION OF ADMINISTRATION

The Division of Administration works in unison with the operational divisions in support of their roles of tax collection, titling and registering vehicles, and licensing drivers. The director's office supervises all operations of the department and coordinates the preparation of the department's budget request. The general counsel's office advises the director on legal matters and represents the director in legal proceedings. The office of legislation and regulation develops and tracks the department's legislation and estimates the fiscal impact of legislation that relates to the department. Internal audit reviews and evaluates the department's accounting controls and appraises the effectiveness and efficiency of the use of department resources. Financial and general services provides budgetary, accounting, procurement, cash management, stores, receiving, mail operations, warehousing, archival, delivery, motor pool, and facility services to the department. Human resource services and development is responsible for recruitment, training, employee relations' services, and payroll processing. The technology services bureau provides system development and support, production control, technical training, telecommunication, and database administration throughout the department. The criminal investigation bureau investigates suspected tax, motor vehicle, dealers, and driver's license fraud, and prepares cases for prosecution.

Fiscal Year 2006 Governor's Recommendations

- \$73,000 for postage to implement legislation.
- \$1 DOR Technology Upgrade Fund on an open-ended basis to improve utilization of technology resources.
- \$40,568 for pay plan, including \$35,633 general revenue.
- \$73,188 and two staff reallocated from the Division of Taxation.
- (\$10,350,827) State Highways and Transportation Department Fund core reduction from the Fiscal Year 2005 appropriation level.

DIVISION OF TAXATION AND COLLECTION

The Division of Taxation and Collection is organized by product type allowing each function to be managed as part of a complete product (e.g., individual income tax, sales tax, etc.). Each product manager is accountable for a product from beginning to end. The division has support functions to facilitate administration of these products. Collection activities include account management, lien filing, third-party collection referrals, tax clearances, and debt offsets. The division has nine in-state field offices (St. Louis, Kansas City, Springfield, Jefferson City, Joplin, St. Joseph, Columbia, Hannibal, and Cape Girardeau) that handle taxpayer assistance inquiries. Tax auditors are stationed in the nine in-state offices and four out-of-state offices (Chicago, Dallas, Los Angeles, and New York) to foster compliance with Missouri tax laws.

Fiscal Year 2006 Governor's Recommendations

- \$5,000 to implement legislation.
- \$257,826 for pay plan, including \$251,159 general revenue.
- (\$2,918,181) State Highways and Transportation Department Fund core reduction from the Fiscal Year 2005 appropriation level.
- (\$213,082) core reduction for one-time expenditures.
- (\$73,188) and (two) staff reallocated to the Division of Administration.

DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING

The Division of Motor Vehicle and Drivers Licensing is responsible for administering and enforcing vehicle registration and titling and driver license regulations. The driver and vehicle services bureau titles and registers motor vehicles and watercraft, licenses motor vehicle dealers and boat dealers, and collects state and local sales/use tax and other vehicle fees. The driver and vehicle services bureau also suspends, revokes, and disqualifies driver and non-driver licenses, and administers the mandatory automobile liability insurance program. The customer assistance bureau oversees 182 field offices that provide driver licensing and motor vehicle titling and registration services to Missourians. The field offices also issue and renew operator and commercial driver licenses, non-driver licenses, and permits.

Fiscal Year 2006 Governor's Recommendations

- \$988,105 federal funds to secure grants.
- \$5,000 Department of Revenue Specialty Plate Fund to implement legislation.
- \$7,982 for pay plan, including \$1,148 general revenue.
- (\$32,484,954) State Highways and Transportation Department Fund core reduction from the Fiscal Year 2005 appropriation level.
- (\$2,344,900) federal funds core reduction for one-time expenditures.

DEPARTMENT OF REVENUE

STATE TAX COMMISSION

The State Tax Commission is a quasi-judicial administrative agency created by the Missouri Constitution to perform six basic functions. These functions are: to equalize inter- and intra-county assessments; conduct de novo judicial hearings regarding valuation and classification appeals from local boards of equalization; formulate and implement statewide assessment policy and procedures to comport with statutory and constitutional mandates; supervise local assessing officials and local assessment programs to ensure compliance with statewide requirements; conduct ratio studies to determine the assessment level in each county and to measure the quality of the assessments; and assess the distributable property of railroads and public utilities.

Fiscal Year 2006 Governor's Recommendations

- \$26,002 for pay plan.

**DEPARTMENT OF REVENUE
DISTRIBUTIONS**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Prosecuting Attorneys and Collection Agencies	\$ 2,580,313	\$ 2,728,000	\$ 2,580,000
County Filing Fees	172,596	200,000	450,000
Contingency Fees for Collection Enhancements	1,950,000	9,500,000	3,500,000
Contract Auditors	0	400,000	400,000
Tax Data Matching for Collection Enhancements	0	7,600,000	7,600,000
State Share of Assessment Maintenance Costs	14,985,668	18,785,668	18,785,668
Certification Compensation	84,724	77,112	77,112
Motor Fuel Tax Distribution to Cities and Counties	188,471,680	188,000,000	188,000,000
County Stock Insurance Tax	0	0	1,000,000
Debt Offset For Tax Credits Transfer	0	0	1,000
Debt Offset Transfer	10,577,417	10,512,884	10,512,884
Transportation Revenue Collection Fund Transfer	0	0	50,507,670
Income Tax Refund Designations	367,408	334,224	343,224
TOTAL	\$ 219,189,806	\$ 238,137,888	\$ 283,757,558
General Revenue Fund	30,683,517	48,959,900	76,953,886
Conservation Commission Fund	34,609	171,718	0
State Highways and Transportation			
Department Fund	0	1,006,270	18,803,672
Motor Fuel Tax Fund	188,471,680	188,000,000	188,000,000

PAYMENTS TO PROSECUTING ATTORNEYS AND COLLECTION AGENCY FEES

Section 136.150, RSMo, provides for payment of a collection fee of 20 percent of delinquent taxes, licenses, or fees recovered on behalf of the state by circuit or prosecuting attorneys. The collection fee is deposited in the county treasury with one-half of the fee for use by the attorney's office and one-half to be expended as the county determines. This incentive program provides additional resources to counties and a five-to-one benefit/cost ratio to the state.

Section 140.850, RSMo, authorizes the Department of Revenue to use commercial collection agencies to collect delinquent taxes owed by resident and non-resident taxpayers (individuals and businesses). The statutes permit payment of a collection fee not to exceed 25 percent of the amount collected.

Fiscal Year 2006 Governor's Recommendations

- (\$148,000) core reduction from the Fiscal Year 2005 appropriation level.

COUNTY FILING FEES

The Department of Revenue is authorized to file tax liens on property owned by taxpayers that are delinquent in income tax or sales/use tax. County recorders charge the Department of Revenue a fee of \$3.00 for the filing of each tax lien and a fee of \$1.50 for each release of a tax lien filed on property owned by taxpayers that are delinquent in income tax or sales/use tax.

Fiscal Year 2006 Governor's Recommendations

- \$250,000 for increased filings due to the completion of the computer-assisted collection system.

CONTINGENCY FEES FOR COLLECTION ENHANCEMENTS

The Department of Revenue contracted with a private firm to generate additional collections through enhancements to its Computer-Assisted Collection System (CACS). The vendor will be paid only to the extent that the enhancements generate additional revenue in excess of an agreed upon baseline amount. The CACS upgrade will be completed in the first quarter of Fiscal Year 2006.

Fiscal Year 2006 Governor's Recommendations

- (\$6,000,000) core reduction from the Fiscal Year 2005 appropriation level, including (\$4,822,012) general revenue.

DEPARTMENT OF REVENUE

DISTRIBUTIONS (Continued)

CONTRACT AUDITORS

The Department of Revenue contracted with an independent auditing firm for the processing of some business/corporate tax audits. The department does not have sufficient personnel to handle the research, analysis, and completion of all corporate tax audits. Contract auditors will identify new audit leads and complete additional tax audits.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

TAX DATA MATCHING FOR COLLECTION ENHANCEMENTS

The tax data matching system allows the department to enhance the collection process by focusing on habitually delinquent accounts and those that avoid tax filing and payment to the state.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

STATE SHARE OF ASSESSMENT MAINTENANCE COSTS

The state reimburses a portion of the costs and expenses for maintaining assessments by the county assessors and the St. Louis City assessor.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

CERTIFICATION COMPENSATION

The state provides quarterly compensation to assessors, except those in first-class charter counties, who maintain an education certification with the State Tax Commission.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MOTOR FUEL TAX DISTRIBUTION TO CITIES AND COUNTIES

Article IV, Section 30(a)(2), Constitution of Missouri, requires 15 percent of the net proceeds from the Motor Fuel Tax collections be allocated to the incorporated cities, towns, and villages of the state to assist in the maintenance of streets and highways.

Article IV, Section 30(a)(1), Constitution of Missouri, requires that 10 percent of the net proceeds from Motor Fuel Tax collections be distributed to the counties to assist in the maintenance of county roads, highways, and bridges. On August 4, 1992, voters approved Constitutional Amendment No. 8 to require that 15 percent of the net proceeds resulting from any increase in the Motor Fuel Tax rate over the rate in effect on March 31, 1992, be distributed to the counties to assist in the maintenance of county roads, highways, and bridges.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF REVENUE

DISTRIBUTIONS (Continued)

COUNTY STOCK INSURANCE

The Department of Revenue uses this appropriation to meet the apportionment requirements for the County Stock Insurance Tax required by Section 148.330, RSMo, while holding school districts and counties harmless to reductions from tax credits.

Fiscal Year 2006 Governor's Recommendations

- \$1,000,000 to implement HB 1182 (2004).

DEBT OFFSET FOR TAX CREDITS

SB 1099 (2004) requires that tax credit applicants must apply any award to any delinquent income, sales, use, or insurance taxes. After applying all credits toward any delinquencies, the applicant can be issued any remaining credits. The Department of Revenue uses this appropriation to hold harmless local tax jurisdictions for local sales tax delinquencies.

Fiscal Year 2006 Governor's Recommendations

- \$1,000 to implement SB 1099 (2004).

DEBT OFFSET TRANSFER

Chapter 143, RSMo, provides a mechanism to offset debts owed to the state against tax refunds payable to the debtor. The Department of Revenue transfers to the Office of State Treasurer the amount of the debt certified to be owed to a state agency in an amount not exceeding the tax refund claimed. Any amount in excess of the debt is forwarded to the taxpayer. Upon settlement of the claim through the established administrative hearings process, the escrow funds are returned to the state agency and/or the payee.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

TRANSPORTATION REVENUE COLLECTION FUND TRANSFER

Constitutional Amendment No. 3 (2004) limits the Department of Revenue to three percent of highway fund collections or the actual cost of collection, whichever is less, to fund highway-related collection activities. The three percent limitation will not provide sufficient funding to continue important highway-related services provided by the department, so additional general revenue funding will be required. This will be accomplished through a fund transfer mechanism. This transfer, in conjunction with creation of the Transportation Revenue Collection Fund, will facilitate expenditure reviews to ensure highway funds are used appropriately.

Fiscal Year 2006 Governor's Recommendations

- \$50,507,670 transferred to the Transportation Revenue Collection Fund, including \$31,703,998 general revenue.

DEPARTMENT OF REVENUE

DISTRIBUTIONS (Continued)

INCOME TAX CHECK-OFF REFUND DESIGNATIONS

State statutes permit individuals and corporations to contribute a portion of any income tax refund that they are owed to five separate state trust funds or nine separate charitable trust funds. The five state trust funds include the Children's Trust Fund (Section 210.174, RSMo); the Division of Aging Elderly Home Delivered Meals Trust Fund (Section 660.078, RSMo); the Veterans' Trust Fund (Section 42.140, RSMo); the Missouri National Guard Trust Fund (Section 41.215, RSMo); and the Workers Memorial Fund (Section 143.1025, RSMo). The nine charitable funds (Section 143.605 RSMo) include: the American Cancer Society, Heartland Division, Inc., Fund; the ALS Lou Gehrig's Disease Fund; the American Lung Association of Missouri Fund; the Muscular Dystrophy Association Fund; the Arthritis Foundation Fund; the American Diabetes Association Gateway Area Fund; the American Heart Association Fund; the March of Dimes Fund; and the National Multiple Sclerosis Society Fund. The amounts designated by taxpayers for distribution to the five trust funds are transferred from the General Revenue Fund.

Fiscal Year 2006 Governor's Recommendations

- \$9,000 for transfer to various income tax check-off funds.

DEPARTMENT OF REVENUE

STATE LOTTERY COMMISSION

The Missouri State Lottery was established by voter approval of Constitutional Amendment No. 5 on November 6, 1984. On August 2, 1988, voters approved Constitutional Amendment No. 3 to revise the lottery prize structure and certain promotional restrictions.

Fiscal Year 2006 Governor's Recommendations

- \$67,926 Lottery Enterprise Fund for pay plan.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Operating Expense			
Personal Service	\$ 6,339,421	\$ 6,792,627	\$ 6,860,553
Expense and Equipment	34,626,077	32,409,678	32,409,678
Prizes	<u>101,613,770</u>	<u>80,000,000</u>	<u>80,000,000</u>
TOTAL			
Lottery Enterprise Fund	\$ 142,579,268	\$ 119,202,305	\$ 119,270,231
Full-time equivalent employees	179.68	176.50	176.50

LOTTERY ENTERPRISE FUND TRANSFER

Section 39(b) of Article III of the Missouri Constitution provides that a minimum of 45 percent of moneys received from the sale of lottery tickets shall be paid as prizes. On August 4, 1992, voters approved Constitutional Amendment No. 11 to dedicate net lottery proceeds to fund public institutions of elementary, secondary, and higher education.

Fiscal Year 2006 Governor's Recommendations

- \$215,000,000 Lottery Enterprise Fund transfer to the Lottery Proceeds Fund.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Lottery Enterprise Fund	\$ 230,318,233	\$ 208,600,000	\$ 215,000,000

DEPARTMENT OF TRANSPORTATION

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Highway Administration	\$ 22,998,175	\$ 27,296,171	\$ 26,370,464	\$ 26,566,724
Fringe Benefits	113,271,687	132,892,904	145,941,894	142,677,174
Fleet, Facilities & Information Systems	97,871,969	99,395,705	106,781,163	106,937,904
Highway Maintenance	284,541,049	296,421,526	343,127,214	344,486,223
Highway Construction	1,262,516,185	1,032,819,337	1,047,567,847	1,048,401,247
Mississippi River Parkway Commission	0	0	49,500	0
Multimodal Operations and Programs	46,110,386	54,945,545	68,431,140	58,322,706
DEPARTMENTAL TOTAL	\$ 1,827,309,451	\$ 1,643,771,188	\$ 1,738,269,222	\$ 1,727,391,978
General Revenue Fund	11,304,721	12,162,168	22,217,056	10,691,923
Federal Funds	43,116,626	53,276,877	57,441,372	57,439,612
Motorcycle Safety Trust Fund	342,933	300,000	325,000	325,000
Grade Crossing Safety Account	1,168,242	1,500,000	1,500,000	1,500,000
State Road Bond Fund	0	0	1	1
State Road Fund	1,409,707,576	1,170,965,263	1,565,498,314	1,648,456,354
State Highways and Transportation				
Department Fund	356,407,582	397,256,398	83,656,597	0
Railroad Expense Fund	632,205	881,401	833,363	832,405
State Transportation Fund	1,759,436	1,766,628	2,220,351	3,570,259
Light Rail Safety Fund	0	1	1	1
State Transportation Assistance				
Revolving Fund	372,001	550,000	550,000	550,000
Aviation Trust Fund	2,498,129	5,112,452	4,027,167	4,026,423
Full-time equivalent employees	6,933.95	6,688.25	6,990.20	6,990.20

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$1.7 billion for the Department of Transportation. The department is responsible for overseeing all aspects of Missouri's transportation system. The core functions of the Department of Transportation include:

- Constructing and maintaining the state road and bridge system – a key component of state economic development efforts.
- Encouraging safety on Missouri highways for citizens and Department of Transportation employees.
- Providing capital improvement and operating assistance grants for rural and urban transit systems, public airports, ports, ferry boats, and passenger rail service.
- Registering commercial motor vehicles.

Protecting Missouri's Transportation Infrastructure

Missouri's geographic location makes the state a logical choice for a national transportation hub, capable of transporting vast amounts of domestic and international goods and passengers. For Missouri to reap the economic advantages of being a national transportation hub, however, the state's roads, bridges, rails, waterways, and aviation facilities must work together to create a cohesive transportation system that transports freight and passengers efficiently, quickly, and safely. In 2004, Missouri citizens, with Governor Blunt's support, approved Constitutional Amendment No. 3 to redirect a portion of the Motor Vehicle Sales Tax from the General Revenue Fund to the State Road Fund and further restrict usage of highway funds by other departments. Amendment No. 3 will increase funding available for transportation projects statewide including:

- An estimated \$180-\$190 million in additional revenue for roads and bridges when fully implemented.
- An estimated \$1.8 million in additional revenue to the State Transportation Fund for non-highway related transportation modes.

DEPARTMENT OF TRANSPORTATION

POLICY SUMMARY (Continued)

Creating a cohesive transportation system requires a sound infrastructure that is adequately maintained. With the passage of Constitutional Amendment No. 3, the Highways and Transportation Commission has adopted a three-part plan for use of the additional revenues. The plan will make roads smoother; accelerate existing project commitments; and complete new, high-priority projects. An estimated \$400 million in bond proceeds will be spent over the next three years to upgrade 2,200 miles of Missouri's most heavily traveled roadways. For Fiscal Year 2006, Governor Blunt recommends:

- \$57.8 million State Road Fund for road and bridge construction and maintenance.
- \$4.3 million federal and other funds for transit planning, equipment, and operations.
- \$3 million State Road Fund for additional federal transportation enhancement projects.
- \$1 on an open-ended basis to utilize proceeds from bonds issued as a result of Amendment No. 3.

Maintaining Passenger Rail Service

Passenger rail service provided an alternate mode of transportation for over 162,000 passengers in Fiscal Year 2004. This service is particularly useful for people who do not have access to a personal vehicle, but have the need to travel between St. Louis and Kansas City. For Fiscal Year 2006, Governor Blunt recommends:

- \$200,000 to maintain daily, round-trip, passenger rail service between St. Louis and Kansas City.

Some performance measures the Department of Transportation uses to evaluate its goal of preserving and improving Missouri's transportation system to enhance safety and encourage prosperity follow:

	2001	2002	2003
Rate of vehicle accidents per 100 million miles traveled (state system only)	193.55	193.88	188.19
Rate of injury accidents per 100 million vehicle miles (state system only)	54.64	56.11	53.54
Rate of fatal accidents per 100 million vehicle miles (state system only)	1.50	1.69	1.72
Vehicle miles traveled annually (state system only)	47.5 billion	47.9 billion	47.9 billion
Percent of bridges that meet condition standards	85.8%	84.9%	85.0%

	2002	2003	2004
Amtrak ridership	188,800	167,245	162,446
Barge tonnage loaded/unloaded at Missouri ports	3,800,000	2,300,000	2,507,698
Missouri Elderly and Handicapped Transportation Assistance Program – number of trips provided	4,356,938	4,571,277	4,692,004

DEPARTMENT OF TRANSPORTATION

HIGHWAY ADMINISTRATION

This section includes divisions that support the operations of the Highways and Transportation Commission, as well as the central functions of the department such as accounting, risk management, financial planning, and human resource management. Also included in this section is the Office of Inspector General which is charged with oversight of all department expenditures.

Fiscal Year 2006 Governor's Recommendations

- \$196,260 State Road Fund for pay plan.
- (\$698,408) State Highways and Transportation Department Fund and (two) staff in core reduction from the Fiscal Year 2005 appropriation level.
- (\$227,299) State Road Fund and (three) staff reallocated to various divisions.

FRINGE BENEFITS

This section includes the costs of providing medical and life insurance, retirement benefits, and workers' compensation for all Department of Transportation employees that are members of the Highway Employees and Highway Patrol Retirement System.

Fiscal Year 2006 Governor's Recommendations

- \$10,724,474 federal and other funds for increased fringe benefit costs.
- (\$940,204) core reduction from the Fiscal Year 2005 appropriation level, including (\$23,053) general revenue.

FLEET, FACILITIES & INFORMATION SYSTEMS

This section consists of General Services and Information Systems. The General Services section provides fleet and facilities management, graphic services, procurement, and other special services. The Information Systems section oversees the department's information technology infrastructure and assists users of the system. Information systems are vital to the efficient day-to-day operations of the department.

Fiscal Year 2006 Governor's Recommendations

- \$7,948,275 State Road Fund for service operations of the department.
- \$156,741 State Road Fund for pay plan.
- (\$500,000) State Highways and Transportation Department Fund and (36) staff reallocated to various divisions.
- (\$62,817) State Highways and Transportation Department Fund core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF TRANSPORTATION

HIGHWAY MAINTENANCE

The Highway Maintenance section maintains the state road system, public rest areas, and weigh stations. Projects such as road and shoulder rehabilitation, bridge repair and maintenance, snow and ice removal, and right-of-way mowing protect the state's transportation infrastructure and improve safety on Missouri roadways. This section also includes highway safety programs and the oversight of commercial motor vehicles throughout the state.

Fiscal Year 2006 Governor's Recommendations

- \$44,916,034 State Road Fund and 319.95 staff for maintenance projects.
- \$2,293,098 State Road Fund for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$1,359,009 federal and other funds for pay plan.
- \$528,440 State Road Fund and 37 staff reallocated from various divisions in the department.
- \$25,000 Motorcycle Safety Trust Fund for the Motorcycle Safety Program.
- (\$560,850) State Highways and Transportation Department Fund core reduction for one-time expenditures.
- (\$496,034) federal and other funds and (16) staff in core reduction from the Fiscal Year 2005 appropriation level.

HIGHWAY CONSTRUCTION

This section oversees the state road construction program and such activities as land acquisition, contracting for road and bridge construction, monitoring of construction programs, and transportation enhancement activities.

Fiscal Year 2006 Governor's Recommendations

- \$12,865,465 State Road Fund for construction projects.
- \$3,600,824 State Road Fund for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$3,000,000 State Road Fund for transportation enhancement projects.
- \$1,449,539 State Road Fund for debt service on outstanding road bonds.
- \$833,400 State Road Fund for pay plan.
- \$198,859 State Road Fund and two staff reallocated from various divisions in the department.
- \$1 State Road Bond Fund on an open-ended basis to utilize bond proceeds for road and bridge projects.
- (\$6,366,178) State Road Fund core reduction from the Fiscal Year 2005 appropriation level.

**DEPARTMENT OF TRANSPORTATION
MULTIMODAL OPERATIONS AND PROGRAMS**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Multimodal Operations	\$ 5,889,213	\$ 6,916,834	\$ 6,883,400
Transit Programs			
Capital Assistance for Transportation of Elderly and Disabled Citizens	1,860,700	2,083,385	2,166,720
State Aid for Transportation of Elderly, Disabled, and Low-Income Citizens	2,709,991	2,793,805	2,943,732
Small Urbanized Transit	0	1	1
Small Urban and Rural Transportation	6,884,016	6,061,394	6,303,850
Public Transit Capital Grants	7,294,536	12,000,000	12,000,000
Transit Planning Grants	2,618,652	1,165,123	5,000,000
Railroad Programs			
Local Rail Service Assistance	0	1	1
State Amtrak Assistance	5,884,815	6,200,000	6,400,000
Amtrak Station Improvements and Advertising	25,001	25,000	25,000
Rail Equipment	0	1	1
Light Rail Safety	0	1	1
Railroad Grade Crossing Safety	1,168,242	1,500,000	1,500,000
Aviation Programs			
State Aid to Airports	2,089,769	4,600,000	3,500,000
Federal Aviation Assistance	9,389,951	11,000,000	11,000,000
Waterways Programs			
Port Authority Assistance	295,500	600,000	600,000
TOTAL	\$ 46,110,386	\$ 54,945,545	\$ 58,322,706
General Revenue Fund	11,228,263	12,057,019	10,609,827
Federal Funds	28,526,155	33,188,333	37,353,071
Grade Crossing Safety Account	1,168,242	1,500,000	1,500,000
State Road Fund	8,538	15,000	162,019
State Highways and Transportation Department Fund	137,932	145,563	0
Other Funds	5,041,256	8,039,630	8,697,789
Full-time equivalent employees	32.05	36.00	36.00

MULTIMODAL OPERATIONS

This section consists of the non-highway programs, including aviation, transit, rail, and waterways. The transit section provides financial and technical assistance to public transit and specialized transit providers across the state. This function is carried out through the administration of state and federal programs related to general public transportation, as well as specific transit programs for agencies serving senior citizens and/or persons with disabilities.

The rail section is responsible for improving freight rail services, passenger rail service, and railroad/highway grade crossing safety. The rail unit also prepares and implements a state rail plan and administers federal funds to increase safety at railroad crossings.

The aviation section oversees state and federal funding programs for airport maintenance and capital improvement projects. This section is also responsible for airport safety inspections, maintaining the state airport systems plan, and working with local governments to secure federal aviation funding.

The waterways section assists cities and counties in forming port authorities which foster local economic growth. It also provides technical assistance and a limited amount of capital and administrative funding to assist with port operations.

Fiscal Year 2006 Governor's Recommendations

- \$16,566 for pay plan, including \$2,881 general revenue.
- (\$50,000) Railroad Expense Fund core reduction from the Fiscal 2005 appropriation level.

DEPARTMENT OF TRANSPORTATION

MULTIMODAL OPERATIONS AND PROGRAMS (Continued)

CAPITAL ASSISTANCE FOR TRANSPORTATION OF ELDERLY AND DISABLED CITIZENS

The transit section administers the federal Section 5310 program that provides assistance to local not-for-profit transportation providers and public entities serving the elderly and people with disabilities. These entities use the federal funds to match local funds for purchasing vehicles.

Fiscal Year 2006 Governor's Recommendations

- \$83,335 federal funds for bus, van, and related equipment purchases by local, not-for-profit transit providers and public entities.

STATE AID FOR TRANSPORTATION OF ELDERLY, DISABLED, AND LOW-INCOME CITIZENS

The Missouri Elderly and Handicapped Transportation Assistance Program provides operating assistance for not-for-profit transportation providers serving elderly and disabled Missourians. State funds are used to match local, private, and federal funds available to these providers.

Fiscal Year 2006 Governor's Recommendations

- \$149,927 State Transportation Fund for operating assistance for not-for-profit transit providers.

SMALL URBANIZED TRANSIT ASSISTANCE

The federal Section 5307 program provides operating and capital assistance to public transportation systems in cities with populations between 50,000 and 200,000. These federal funds can be used as an offset for up to 50 percent of operating losses and up to 80 percent of capital expenses such as vehicle and equipment purchases.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

SMALL URBAN AND RURAL TRANSPORTATION PROGRAM

Federal funds authorized under Section 5311 are used to assist small urban and rural areas with a population less than 50,000. These federal funds can be used to offset up to 50 percent of operating losses/administrative expenses and up to 50 percent of capital expenses such as vehicle and equipment purchases.

Fiscal Year 2006 Governor's Recommendations

- \$242,456 federal funds for operating assistance and capital expenses.

PUBLIC TRANSIT CAPITAL GRANTS

The federal Section 5309 program provides financial assistance to rural and urban transit operators. These funds can be used to purchase buses and bus-related facilities and equipment.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF TRANSPORTATION

MULTIMODAL OPERATIONS AND PROGRAMS (Continued)

PLANNING GRANTS

Federal funds available through the Section 5303 program enable metropolitan transit planning activities in seven metropolitan areas – St. Louis, Kansas City, Springfield, Columbia, St. Joseph, Joplin, and Jefferson City. This program supports demographic forecasting, corridor studies, transit service analysis, route and schedule evaluation, financial capacity analysis, special needs investigations, and transit management studies.

Fiscal Year 2006 Governor's Recommendations

- \$3,834,877 federal funds for financial assistance to metropolitan transit planning organizations.

LOCAL RAIL FREIGHT ASSISTANCE PROGRAM

This program distributes federal financial assistance for acquisition, rehabilitation, improvement, or rail facility construction assistance. Program activities are contingent upon the availability of federal funding through Section 5 of the Department of Transportation Act.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

STATE PASSENGER RAIL ASSISTANCE AND STATION IMPROVEMENTS

Through the state Passenger Rail Assistance Program, Missourians are able to enjoy the benefits of service between Kansas City and St. Louis, with stops at various cities along the route. The state pays for a portion of the costs to run the twice-daily train route in addition to providing a small amount of assistance for station improvements.

Fiscal Year 2006 Governor's Recommendations

- \$1,200,073 State Transportation Fund to continue twice-daily passenger rail service across the state.
- (\$1,000,073) core reduction from the Fiscal Year 2005 appropriation level.

RAIL EQUIPMENT

As the federal government considers a nationwide system of high-speed rail transportation, federal funds may become available to states.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

LIGHT RAIL SAFETY

This program provides staff to investigate accidents involving the light rail system. The light rail operators bear the cost of this program through reimbursements for the state services.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

RAILROAD GRADE CROSSING SAFETY

This program provides state and federal resources to complete projects improving the safety of railroad grade crossings. The state funds come from a portion of the fee for motor vehicle licensing.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF TRANSPORTATION

MULTIMODAL OPERATIONS AND PROGRAMS (Continued)

STATE AID TO AIRPORTS/FEDERAL AVIATION ASSISTANCE

This program uses state and federal funds for airport capital improvements; maintenance of runways, taxiways, and aprons; and for emergency repairs on safety-related items. The state portion of these projects is funded from the Aviation Trust Fund which receives the use tax collected on aviation fuel.

Fiscal Year 2006 Governor's Recommendations

- (\$1,100,000) Aviation Trust Fund core reduction from the Fiscal Year 2005 appropriation level.

STATE AID TO PORT AUTHORITIES

This program provides a limited amount of assistance to local port authorities for administration, planning, and development activities. The active port authorities in Missouri are the Howard/Cooper County Regional Port Authority; Jefferson County Port Authority; Pemiscot County Port Authority; Southeast Missouri Regional Port Authority; Mississippi County Port Authority; New Madrid County Port Authority; New Bourbon Port Authority; St. Joseph Regional Port Authority; Lewis County-Canton Missouri Port Authority; and the Ports of Kansas City, St. Louis, and St. Louis County.

Fiscal Year 2006 Governor's Recommendations

- \$450,000 State Transportation Fund for operating assistance.
- (\$450,000) core reduction from Fiscal Year 2005 appropriation level.

OFFICE OF ADMINISTRATION

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Commissioner's Office	\$ 2,412,557	\$ 2,579,274	\$ 2,176,086	\$ 2,187,468
Division of Accounting	1,960,196	2,085,376	2,085,376	2,093,463
Division of Budget and Planning	1,449,469	1,594,916	1,594,916	1,597,219
Division of Information Services	6,515,846	6,569,106	6,972,294	18,882,684
Division of Design and Construction	1,664,839	1,637,658	1,637,658	1,502,571
Division of Personnel	2,769,058	2,770,417	2,770,417	2,793,134
Division of Purchasing and Materials Management	4,493,495	3,981,204	3,981,204	3,895,627
Division of Facilities Management	20,479,191	22,221,520	22,475,478	22,564,176
Division of General Services	1,572,655	2,017,379	2,017,379	1,494,801
Assigned Programs	4,741,119	14,948,582	21,496,287	10,027,927
Debt and Related Obligations	54,894,977	57,991,483	57,944,154	57,944,154
Administrative Disbursements	84,562,872	54,045,979	61,607,479	62,207,343
TOTAL	\$ 187,516,274	\$ 172,442,894 *	\$ 186,758,728	\$ 187,190,567
General Revenue Fund	151,352,958	153,139,380	160,982,506	161,749,433
Federal Funds	4,143,217	9,568,718	16,116,423	16,121,900
Other Funds	32,020,099	9,734,796	9,659,799	9,319,234
Full-time equivalent employees	873.32	934.47	932.50	929.50

* Does not include \$5,908,152 recommended in the Fiscal Year 2005 Supplemental Appropriations, including \$5,708,151 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Office of Administration supplemental appropriations.

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$187.2 million for the Office of Administration. The Office of Administration provides services for all state agencies and serves as the state's administrative office. The core functions provided by the Office of Administration include:

- Administering fiscal activities for the state.
- Administering the human resources system.
- Coordinating data processing and telecommunications for state agencies.
- Providing and maintaining office and other space for governmental operations.
- Procuring supplies, equipment, and services for state agencies.
- Managing the state transportation fleet.

Achieving Administrative Efficiencies Across State Government

Governor Blunt has promised to make state government more efficient. One of his first initiatives is to centralize the control of information technology efforts. Missouri's information technology employees and operating funds are scattered across the executive departments. Many agencies perform duplicative tasks creating unnecessary costs to the state. Missouri can save millions of dollars by consolidating information technology resources and improve the quality of services delivered to citizens. To implement this consolidation, Governor Blunt recommends:

- Transferring control of \$74 million and more than 800 staff from various departments to the Division of Information Services. Centralized management of information services will eliminate duplication, save money, and make state government more productive.

OFFICE OF ADMINISTRATION

POLICY SUMMARY (Continued)

State Employee Compensation

Missouri state employee salaries have become the lowest in the nation. Census data from 2003 ranks the state 50th with regard to average state employee salaries. In the midst of recent challenging budget times, state employees have remained dedicated to providing critical services for Missouri citizens. To maintain a high-performing workforce, Governor Blunt recommends:

- \$25 million, including \$12.5 million general revenue, for a one percent cost-of-living adjustment for all employees, including related fringe benefits. The cost of the pay plan without fringe benefits is \$20.3 million, including \$10.3 million general revenue.

Implementing Legislation

The Office of Administration coordinates the central management functions of state government. It is responsible for promoting government accountability, effectiveness, and efficiency. Cutting waste and implementing management strategies that are focused on achieving results will ensure Missouri is using taxpayers' money wisely. To promote government accountability and to implement legislation during Fiscal Year 2006, Governor Blunt recommends:

- \$292,336 for the Division of Design and Construction to implement the Energy Conservation Program mandated in HB 1599 (2004). The Office of Administration will develop a statewide plan of energy conservation and cost savings for buildings and facilities. Contractors in the private market will bid on energy saving projects and will be paid by the savings they generate. This program will provide increased energy efficiency and save taxpayers' dollars as project costs are paid off.

OFFICE OF ADMINISTRATION

COMMISSIONER'S OFFICE

The Commissioner directs the one agency that provides central services and support to all other agencies of state government. These services include accounting, budget and planning, information services, building design and construction, leasing operations, facilities management, personnel, purchasing and materials management, and general services.

Fiscal Year 2006 Governor's Recommendations

- \$19,032 for pay plan, including \$18,628 general revenue.
- (\$410,838) and (five) staff reallocated to the Division of Information Services.
- (3.97) staff core reduction from the Fiscal Year 2005 appropriation level.

DIVISION OF ACCOUNTING

The Division of Accounting maintains all financial records for state appropriations and funds, processes payments, controls production of warrants, and distributes checks. The division also issues warrants to the State Treasurer for expenditures; maintains computerized accounting, payroll, and check writing systems; and administers the Social Security Act for the state and political subdivisions. The division also provides financial data to executive and legislative officials.

Fiscal Year 2006 Governor's Recommendations

- \$17,962 for pay plan.
- (\$9,875) reallocated to the Division of Information Services.

DIVISION OF BUDGET AND PLANNING

The Division of Budget and Planning analyzes state government programs and provides recommendations and information to the Governor, General Assembly, and state agencies regarding fiscal and other policies. The division prepares the budget instructions, reviews agency budget requests, prepares the annual executive budget, analyzes economic and demographic conditions, forecasts state revenues, and conducts technical policy and program analyses. To assist in state government management, the division controls appropriation allotments, manages the automated state budget system, prepares legislative fiscal notes, tracks agency performance measures, analyzes and develops policy options, and reviews federal issues and their impact on Missouri. The division prepares population estimates and projections required by state and local agencies and is Missouri's liaison to the United States Bureau of the Census.

Fiscal Year 2006 Governor's Recommendations

- \$14,303 for pay plan.
- (\$12,000) reallocated to the Division of Information Services.

OFFICE OF ADMINISTRATION

DIVISION OF INFORMATION SERVICES

The Division of Information Services provides mainframe computer processing services to all state agencies through the consolidated State Data Center. The state's telecommunication services are managed by the division, and those services are provided to state agencies. The division also provides Internet services, information technology education services, and network support to all state agencies. The division develops and maintains applications for the Office of Administration as follows:

- SAM II Financial operations and reporting;
- SAM II-HR (personnel and payroll);
- State Budget System (BRASS);
- Fleet Management; and
- Maintenance of various web pages and other systems.

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within most departments' budgets that will be administered by the Division of Information Services. Governor Blunt's budget also merges the Office of Information Technology into the Division of Information Services. The newly formed division will be responsible for the effective development and coordination of information technology policies for state agencies.

Fiscal Year 2006 Governor's Recommendations

- \$6,609,817 federal funds for the Federal Integration Program.
- \$29,673 for pay plan, including \$26,891 general revenue.
- \$5,352,196 and 20.5 staff reallocated from various divisions to the Division of Information Services, including \$326,851 general revenue.
- \$403,188 and five staff reallocated from the Commissioner's Office.
- \$100 transferred from fringe benefits for information technology resources that will be administered by the Division of Information Services.
- (\$81,396) and (one) staff in core reduction from the Fiscal Year 2005 appropriation level.

DIVISION OF DESIGN AND CONSTRUCTION

The division provides project management and construction administration for capital improvement projects; reviews plans and specifications for state construction, maintenance, and repair projects; selects contracting architects and engineers for the design of larger projects; provides in-house design for smaller projects; oversees capital improvements expenditures; provides information for the preparation of the capital improvements budget; and assists state agencies and institutions with building and renovation problems.

Fiscal Year 2006 Governor's Recommendations

- \$13,453 for pay plan.
- (\$148,540) and (three) staff reallocated to the Division of Information Services.

DIVISION OF PERSONNEL

The Division of Personnel provides central human resource management programs and services to all executive branch departments in compliance with the State Personnel Law and the principles of sound human resource management. Responsibilities include operation of the Missouri Merit System, position classification and compensation management, supervisory and management training, coordination of labor relations, and providing management expertise and other services to assist agencies.

The Personnel Advisory Board sets rules and regulations for the Merit System, approves classifications and pay plans, conducts appeal hearings for applicants and employees, and advises the Division of Personnel and the Governor on human resource administration.

Fiscal Year 2006 Governor's Recommendations

- \$25,200 for pay plan.
- (\$2,483) reallocated to the Division of Information Services.

OFFICE OF ADMINISTRATION

DIVISION OF PURCHASING AND MATERIALS MANAGEMENT

The Division of Purchasing and Materials Management centralizes procurement to save money by purchasing supplies, materials, and services in larger quantities and encourages competitive bidding and awards on all contracts. All of state government is served except the University of Missouri, Lincoln University, Truman State University, Missouri Department of Transportation, Judiciary, Lottery, and the General Assembly. It encourages the participation of suppliers, including small disadvantaged businesses, in the competitive bid process and ensures compliance with Chapter 34, RSMo. The division also coordinates recycling collection efforts of state agencies and administers the Recycling Products Preference Program. The materials management section recycles property among agencies and sells surplus state equipment through negotiated, sealed bids and auction sales. Surplus property sales receipts are used to pay the expenses of surplus property sales with the remaining receipts distributed to the appropriate state funds from which the equipment was purchased. This section also administers the Federal Surplus Property Program that distributes donated new and used federal surplus property to eligible entities which include all state agencies, political subdivisions, not-for-profit health and education entities, and service agencies that meet the federal program guidelines.

Fiscal Year 2006 Governor's Recommendations

- \$21,154 for pay plan, including \$14,040 general revenue.
- (\$106,731) and (two) staff reallocated to the Division of Information Services, including (\$95,731) general revenue.

DIVISION OF FACILITIES MANAGEMENT

The Division of Facilities Management provides work environments for agencies through professional property management. By aligning the state's investments in buildings with the long-term organizational plans of state agencies, the division enables those tenant agencies to meet their public service needs. Facilities Management operates, maintains, and manages state-owned office buildings and other structures in Jefferson City, St. Louis, Kansas City, Springfield, and St. Joseph and is responsible for acquiring and managing leased space in every county of Missouri using competitive and negotiated procurement. Statewide, the division manages 20 state-owned office buildings and four labs, the Missouri State Capitol, and the Governor's Executive Mansion containing over 3.1 million square feet of usable space for approximately 8,500 personnel. Other structures include maintenance shops, warehouses, parking garages, and grounds. Facilities Management is also the caretaker of the former Missouri State Penitentiary during its transition for redevelopment. The leasing program consists of approximately 480 lease contracts containing over four million square feet of space for approximately 13,890 personnel. Funding for contract and asset management is provided by general revenue, and costs are allocated to funds supporting the tenant agencies of owned and leased space.

Fiscal Year 2006 Governor's Recommendations

- \$88,698 to increase the transfer to administrative funds for pay plan and associated fringe benefits.
- \$75,000 to the Second State Capital Commission to publish a book on the history of the State Capitol Building.
- \$494,117 and two staff transferred from the Department of Corrections.
- (\$315,159) core reduction from Fiscal Year 2005 appropriation level, including (\$240,159) general revenue.
- (Two) staff reallocated to the Division of Information Services.

DIVISION OF GENERAL SERVICES

The division provides agencies with a variety of support services such as printing, fleet management, administration of the Legal Expense Fund and the state employee Workers' Compensation Program, vehicle maintenance, flight operations, and mail services. The Division of General Services provides staff to administer the Missouri Public Entity Risk Management Fund, a liability and property insurance pool for Missouri public entities.

Fiscal Year 2006 Governor's Recommendations

- \$10,068 for pay plan.
- (\$502,400) Head Injury Fund transferred to the Department of Health and Senior Services for the Head Injury Program.
- (\$30,246) and (1.5) staff reallocated to the Division of Information Services.
- (Two) staff core reduction from Fiscal Year 2005 appropriation level.

OFFICE OF ADMINISTRATION

ASSIGNED PROGRAMS

ADMINISTRATIVE HEARING COMMISSION

The Administrative Hearing Commission conducts evidentiary hearings and makes findings of fact and conclusions of law relating to contested cases between private parties and state agencies. The commission's jurisdiction includes, among other things, appeals involving professional licensing matters, tax decisions by the Director of Revenue, Medicaid provider certifications and claims, assessments by the Missouri Ethics Commission, and certain actions by the Highways and Transportation Commission relating to railroads and motor carriers.

Fiscal Year 2006 Governor's Recommendations

- \$7,365 for pay plan.
- (\$13,338) reallocated to the Division of Information Services.

OFFICE OF CHILD ADVOCATE

Pursuant to HB 1453 (2004), the Office of the Child Advocate operates as an independent agency under the Office of the Governor within the Office of Administration. The ombudsman provides families and citizens with an avenue through which they can obtain an independent and impartial review of the decisions and/or actions made by the Department of Social Services Children's Division.

There are three main duties of the advocate's office: 1) provide education to Missouri citizens regarding the child welfare process, including investigation, case management, and the court system; 2) receive and investigate complaints from citizens regarding the child welfare system; and 3) make recommendations on improving the system.

Fiscal Year 2006 Governor's Recommendations

- \$1,953 for pay plan, including \$1,309 general revenue.
- (\$8,913) reallocated to the Division of Information Services, including (\$4,531) general revenue.

CHILDREN'S TRUST FUND

The Children's Trust Fund and Children's Trust Fund Board were established to facilitate and fund the development of community-based prevention programs to strengthen families, prevent child abuse and neglect, and to provide public education about the problem of child abuse and its prevention. Activities of the Children's Trust Fund are divided into two broad areas: public education and program development, and funding. Each includes an array of programs to meet the goals of the board.

Fiscal Year 2006 Governor's Recommendations

- \$150,000 Children's Trust Fund for the Nurses for Newborns Program.
- \$1,914 Children's Trust Fund for pay plan.
- (\$1,039) Children's Trust Fund reallocated to the Division of Information Services.

MISSOURI CHILDREN'S SERVICES COMMISSION

The Missouri Children's Services Commission Fund was established to receive grants, gifts, bequests, and federal grants to support the activities of the Children's Services Commission in accordance with Section 210.103, RSMo.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

OFFICE OF ADMINISTRATION

ASSIGNED PROGRAMS (Continued)

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability promotes full participation of the nearly one million Missourians with disabilities in all aspects of community life by educating employers, employees, local and state governments, persons with disabilities, and other interested parties of their rights and responsibilities under the Americans with Disabilities Act, Missouri Human Rights Act, and other disability rights laws.

Fiscal Year 2006 Governor's Recommendations

- \$1,892 for pay plan.
- (\$2,457) reallocated to the Division of Information Services.

MISSOURI ASSISTIVE TECHNOLOGY COUNCIL

The Missouri Assistive Technology Council supports access to adaptive devices that increase the independence and productivity of Missourians with all types of disabilities. The council provides adaptive telecommunications devices and computer adaptations, short-term loan of a full range of assistive technology, used equipment exchange, and low-interest loans for the purchase of assistive technology and home modifications.

Fiscal Year 2006 Governor's Recommendations

- \$4,454 federal and other funds for pay plan.
- (\$15,000) federal and other funds reallocated to the Division of Information Services.

MISSOURI ETHICS COMMISSION

The Missouri Ethics Commission is charged with successfully fulfilling the duties and responsibilities described in Chapters 105 and 130, RSMo. These duties and responsibilities include, but are not limited to, the administration of the following: campaign finance disclosure, report review and audit, lobbyist registration, lobbyist report review and audit, personal financial disclosure statement, opinion writing in response to formal requests, investigation of conflict of interest allegations, audit and investigation of complaints, and investigation of alleged code of conduct violations.

Fiscal Year 2006 Governor's Recommendations

- \$8,550 for pay plan.

OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology was originally established July 1, 1995, at the direction of Governor Carnahan in response to a recommendation of the Commission on Management and Productivity for statewide control and planning relating to information technology in Missouri state government. The office was given the authority of implementing an information technology strategic planning process that supports agency-specific strategic planning; directing the statewide adoption of policy, procedures, and standards relating to information technology; and reviewing agency technology budgets.

Fiscal Year 2006 Governor's Recommendations

- (\$5,056,036) federal and other funds and (12) staff reallocated to the Division of Information Services.

OFFICE OF ADMINISTRATION

DEBT AND RELATED OBLIGATIONS

BOARD OF PUBLIC BUILDINGS DEBT SERVICE

This appropriation is for payment of principal, interest, and reserve requirements on outstanding bonds.

Fiscal Year 2006 Governor's Recommendations

- (\$44,975) core reduction from the Fiscal Year 2005 appropriation level.

LEASE/PURCHASE DEBT SERVICE

This appropriation is for the payment of principal and interest on outstanding financings.

Fiscal Year 2006 Governor's Recommendations

- (\$6,632) core reduction from the Fiscal Year 2005 appropriation level.

STATE PROPERTY PRESERVATION

This appropriation is for transferring funds to the State Property Preservation Fund for repair or replacement of damaged state facilities, or for defeasance of outstanding debt secured by the damaged facilities.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI HEALTH AND EDUCATIONAL FACILITIES AUTHORITY DEBT SERVICE

The Missouri Health and Educational Facilities Authority (MoHEFA) has issued \$39,999,569 in Series A 1989 Missouri College Savings Bonds to fund building projects at the University of Missouri. In November 2001, \$35 million in bonds were issued for the University of Missouri-Columbia Arena Project.

Fiscal Year 2006 Governor's Recommendations

- \$4,275 for principle and interest payments on the University of Missouri-Columbia Arena Project bonds.

DEBT MANAGEMENT

This appropriation is for professional assistance with managing the state's \$2.5 billion outstanding debt so that the Office of Administration can monitor the debt and act quickly to take advantage of savings opportunities.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

OFFICE OF ADMINISTRATION

DEBT AND RELATED OBLIGATIONS (Continued)

NEW JOBS TRAINING CERTIFICATES

Sections 178.892 to 178.896, RSMo, established the New Jobs Training Program. Businesses establishing new jobs in the state can enter into an agreement with a community college district to provide training for new employees. The training is funded from the proceeds of new jobs training certificates issued by community college districts. The debt service on the certificates is payable from the employees' Missouri income tax withholding credits. If the business would sharply decrease or eliminate its operations, funds may not be available to meet debt service costs.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

CONVENTION AND SPORTS COMPLEX PROJECTS

SB 295 (1989) authorized annual appropriations of state matching funds for convention and sports complex capital projects in certain cities and counties. Ongoing projects include: Jackson County Sports Complex Stadium, \$3,000,000; Bartle Hall, \$2,000,000; and Edward Jones Dome, \$12,000,000.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

BOARD OF UNEMPLOYMENT FUND FINANCING

House Bill 1268 (2004) established the Board of Unemployment Fund Financing and authorized them to sell up to \$450 million of credit instruments or enter into financial agreements to provide funds for payments of employment benefits to maintain an adequate fund balance in the Employment Compensation Fund.

Fiscal Year 2006 Governor's Recommendations

- \$3 other funds to allow the Board of Unemployment Fund Financing to issue and repay bonds.

ADMINISTRATIVE DISBURSEMENTS

Acting as the central financial agency for the state, the Office of Administration makes numerous disbursements each year.

CASH MANAGEMENT IMPROVEMENT ACT

The federal Cash Management Improvement Act of 1990 and 1992 requires that the state pay interest on certain federal grant monies while deposited in the State Treasury. Interest is calculated and paid at the daily equivalent of the annualized 13-week average Treasury Bill Rate.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

AUDIT RECOVERY DISTRIBUTION

This is a mechanism to allow the distribution of a percentage of monies recovered by the state to the audit firm that recovers the money.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

OFFICE OF ADMINISTRATION

ADMINISTRATIVE DISBURSEMENTS (Continued)

STATEWIDE OPERATIONAL MAINTENANCE AND REPAIR TRANSFER

This section allows for the transfer of general revenue into departmental operating budgets for statewide maintenance and repair appropriations.

Fiscal Year 2006 Governor's Recommendations

- (\$136) core reduction from the Fiscal Year 2005 appropriation level.

BUDGET RESERVE INTEREST

In the event that the General Revenue Fund borrows money from the Budget Reserve Fund, general revenue must repay the loan with interest. This mechanism will allow that to happen.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

TRANSFER TO BUDGET RESERVE FUND

Article IV, Section 27(a), requires a transfer from either general revenue or the Budget Reserve Fund depending on the balance left in the Budget Reserve Fund at the close of a fiscal year.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

OTHER FUND CORRECTIONS

A transfer section is needed as a mechanism by which corrections can be made when money is erroneously deposited into the wrong fund.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

FLOOD CONTROL LANDS GRANT

The Flood Control Lands Grant is a "pass-through" of funds that represents 75 percent of the monies from leases of the land owned by the United States under the Flood Control Act. Sections 12.080 and 12.090, RSMo, prescribe that the funds be used for the benefit of public schools and public roads of the county in which the government land is situated. These funds may also be used for any expenses of the county government, including public obligations of levee and drainage districts for flood control and drainage improvements.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

NATIONAL FOREST RESERVE GRANT

The National Forest Reserve Grant is a "pass-through" of funds received from the federal government. Sections 12.070 and 12.090, RSMo, provide for 25 percent of all the money received by the National Forest Reserve by the state to be expended for the benefit of public schools and public roads of the county in which the forest reserve is located. Of the total received, 75 percent will be spent for public schools and 25 percent for public roads.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

OFFICE OF ADMINISTRATION

ADMINISTRATIVE DISBURSEMENTS (Continued)

CLARENCE CANNON PAYMENT

A contract with the U.S. Army Corps of Engineers, developed with the concurrence of the executive and legislative branches, requires that the state pay a share of the cost of water supply storage in Mark Twain Lake on the Salt River in northeastern Missouri. The contract results from a request by the state for the corps to build water supply storage into the Clarence Cannon Dam project to meet water needs of that part of Missouri, which has been chronically short of potable water.

Fiscal Year 2006 Governor's Recommendations

- \$2,500 for water storage costs at the Clarence Cannon Dam.

COUNTY JUVENILE PERSONNEL REIMBURSEMENTS

The state is required to reimburse specified counties for a percentage of their juvenile court budget.

Fiscal Year 2006 Governor's Recommendations

- \$8,000 for county juvenile officer court personnel reimbursements in accordance with Section 211.393, RSMo.

COUNTY PROSECUTION REIMBURSEMENTS

The state may provide reimbursement to counties for expenses incurred in the prosecution of crimes within correctional institutions and expenses of trials of capital cases in limited circumstances.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

COSTS IN CRIMINAL CASES

In accordance with Chapters 550 and 548 and sections 57.290 and 221.105, RSMo, the state pays counties and sheriffs for court costs of indigents in criminal cases, costs of incarceration, transporting prisoners to state prisons, and serving extradition warrants.

Fiscal Year 2006 Governor's Recommendations

- \$7,686,000 to reimburse counties for costs associated with criminal cases, including a \$1 per-day rate increase to \$21 per day for housing state prisoners.

REGIONAL PLANNING COMMISSIONS

State financial aid enables local governments, through regional planning commissions, to initiate programs and services identified as important by member governments. State funds are matched by local funds.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

INTERGOVERNMENTAL COOPERATION COMMISSION

The Intergovernmental Relations Commission is the focal point from which state agencies receive information and recommendations on intergovernmental issues. The Missouri Commission on Intergovernmental Cooperation works closely with the Governor's Federal Fiscal Impact Commission, follows the devolution of federal programs, and studies the effect on state and local governments.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

OFFICE OF ADMINISTRATION

ADMINISTRATIVE DISBURSEMENTS (Continued)

PUBLIC TELEVISION AND PUBLIC RADIO GRANTS

Funds are distributed through these grants to Missouri public television and radio stations for assistance in operating costs.

Fiscal Year 2006 Governor's Recommendations

- \$600,000 transferred to the Missouri Public Television Broadcasting Corporation Fund from non-resident athlete and entertainer tax revenues.

SPECIAL ELECTION COSTS

Section 115.077, RSMo, requires the state and political subdivisions submitting questions or candidates in a special election to deposit their proportional share of the costs with the election authority not later than the third Tuesday prior to the election. This appropriation allows the state to comply with the law by prepaying its share of the estimated expenses of a special election. The state is also required to reimburse local election authorities for certain other expenses attributable to changes in state law. Should a special election be called, expenditures made from this appropriation will be transferred to the State Election Subsidy Fund for disbursement.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

ELECTED OFFICIALS TRANSITION

The state provides operating costs for the transition into office of newly elected officials, including the Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer, and Attorney General.

Fiscal Year 2006 Governor's Recommendations

- (\$135,000) for one-time expenditures.

FRINGE BENEFITS

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
OASDHI Taxes	\$ 136,738,569	\$ 147,685,654	\$ 147,714,782	\$ 152,417,692
Missouri State Employees' Retirement System	170,808,317	208,143,355	208,187,790	247,318,818
Teacher Retirement Contributions	2,523,864	3,580,060	3,565,560	3,565,560
Deferred Compensation	11,152,524	12,367,442	12,371,288	12,371,288
Unemployment Benefits	5,347,265	3,902,701	3,903,691	3,903,691
Missouri Consolidated Health Care Plan	280,338,300	322,008,403	349,952,398	330,126,779
Workers' Compensation	25,008,206	18,390,000	24,178,654	23,178,554
Other Employer Disbursements	5,462,260	5,594,437	5,594,437	5,594,437
TOTAL	\$ 637,379,305	\$ 721,672,052	\$ 755,468,600	\$ 778,476,819
General Revenue Fund	424,157,043	445,183,121	469,114,563	487,975,454
Federal Funds	106,402,406	139,645,514	145,466,039	148,074,289
Other Funds	106,819,856	136,843,417	140,887,998	142,427,076

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$778.5 million for employee benefits. Employment benefits are centralized for all state agencies with the exception of retirement and health care benefits for the Highway Patrol, the Missouri Department of Transportation, and health insurance for the Department of Conservation. Employee benefits include:

- Retirement
- Health insurance
- Life and long-term disability insurance
- Social Security
- Workers' Compensation
- Unemployment benefits
- Deferred Compensation
- Job-related legal expenses

Missouri Consolidated Health Care Plan (MCHCP)

MCHCP began its operations 11 years ago to provide affordable, accessible, and quality health care for state employees and their families. In 1995, municipalities and other public entities were allowed to join MCHCP, building a larger pool of members and greater bargaining power for lower cost medical services. From 2001 to 2004, the cost of health insurance for the state rose an average 13 percent. To combat the rise in health care costs, MCHCP continues to increase the level at which they are self-insured. From 2004 to 2005, MCHCP will go from 33 percent self-funded to 86 percent self-funded for state members. Even though being self-funded causes the state to retain more risk, it can lower overall administrative expenses as profit margins are no longer included in costs and in many circumstances, additional risk charges can be minimized.

MCHCP provides pharmacy benefits to most state employees, retirees, and their dependents, covering more than 100,000 lives. Pharmacy benefit inflation is a significant driver of health care costs for MCHCP and for employee benefit plans in general. Prescription drug costs have been increasing about 16 percent per year and account for about 10 percent of national health care costs. MCHCP continues to maximize cost saving efforts. Pharmacy benefits were carved out from six health plans, and MCHCP entered into a single contract with Express Scripts to consolidate benefit management for all state members.

- A uniform, three-tiered co-payment structure was created – \$10 generic, \$25 preferred brand, \$40 non-preferred brand.
- A "mandatory generic" program was instituted. When an equivalent generic is available, the member must substitute the generic brand or pay the actual cost difference.
- Manufacturer rebates were returned to the MCHCP rather than to the health plans.
- Since 2001, the MCHCP has participated as a charter member of a seven-state joint purchasing workgroup, referred to as Rx Issuing States, to assist in containing pharmacy costs.

To continue providing health insurance for state employees and retirees, the Governor recommends:

- \$12 million for continuing benefits for calendar year 2005 and for projected inflation for the first six months of 2006.

FRINGE BENEFITS

POLICY SUMMARY (Continued)

Missouri State Employees' Retirement System (MOSERS)

MOSERS was established September 1, 1957, to provide retirement, survivor and disability benefits, and life insurance benefits to its members. MOSERS administers retirement benefits for most state employees, including members of the General Assembly, elected state officials, administrative law judges, legal advisors, and judges. MOSERS is responsible for administering the law in accordance with the expressed intent of the Missouri General Assembly and bears a fiduciary obligation to the state employees who are its members and beneficiaries.

As of June 30, 2004, MOSERS was one of the 200 largest defined benefit plans in the United States with total assets of just under six billion dollars. According to the Independent Consultants Cooperative (ICC), the fund generated a return of 17.1 percent net of expenses for the year, placing MOSERS' investment return in the top twenty percent among public pension funds with assets in excess of one billion dollars. Over a ten-year period, MOSERS' performance of 10.2 percent on an annualized basis has well exceeded the required annual return of 6.8 percent necessary to fund the liabilities during this same period.

To continue providing retirement benefits, the Governor recommends:

- \$31.5 million to increase the contribution rate as a percentage of payroll from 10.64 percent to 12.59 percent.
- \$2.4 million for increased costs to the state for retirement benefits due to pay plan.

FRINGE BENEFITS

CONTRIBUTION TO OASDHI TAXES

The State of Missouri pays the employer's share of federal Old Age and Survivors Disability and Health Insurance contributions on the salaries of all state employees, with the exception of employees of the state universities and four-year colleges. These funds are transferred to a contribution fund for matching payments to the Social Security Administration.

Fiscal Year 2006 Governor's Recommendations

- \$4,920,000 to realign the budget to meet estimated expenditures and for Social Security taxes for new staff statewide, including \$2,368,000 general revenue.
- \$986,000 for increased costs to the state for Social Security benefits due to the pay plan, including \$732,000 general revenue.
- \$29,128 transferred from the Department of Mental Health for new staff in the Division of Alcohol and Drug Abuse.
- (\$1,203,090) core reduction from the Fiscal Year 2005 appropriation level for savings due to closing the Bellefontaine facility and forming a private-public partnership for the Independent Supported Living Program within the Department of Mental Health.

CONTRIBUTION TO MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

The State of Missouri provides an employer funded retirement program for employees through a contribution of a specified percentage of members' wages to the Missouri State Employees' Retirement System. Included in the state's contribution is a payment per month, per eligible employee to the Missouri State Employees' Benefit Plan and a payment of long-term disability premiums.

Fiscal Year 2006 Governor's Recommendation

- \$37,664,000 to realign the budget to meet estimated expenditures and to increase the state contribution rate as a percentage of payroll from 10.64 percent to 12.59 percent, including \$23,639,000 general revenue.
- \$2,441,000 for increased costs to the state for retirement benefits due to the pay plan, including \$1,534,000 general revenue.
- \$1,166,000 for new staff statewide.
- \$44,435 transferred from the Department of Mental Health for new staff in the Division of Alcohol and Drug Abuse.
- (\$2,139,972) core reduction from the Fiscal Year 2005 appropriation level for savings due to closing the Bellefontaine facility and forming a private-public partnership for the Independent Supported Living Program within the Department of Mental Health.

TEACHER RETIREMENT CONTRIBUTIONS

Section 104.342, RSMo, has been revised to provide that the Commissioner of Administration shall requisition monthly and certify the payment of contributions to the Public School Retirement System (PSRS). Authority to transfer and expend these monies is required to comply with statutory provisions. Certified teachers involved are employed by the Department of Elementary and Secondary Education, Department of Mental Health, Department of Social Services, Department of Corrections and remain members of the PSRS.

Fiscal Year 2006 Governor's Recommendations

- (\$14,500) Video Instructional Development and Educational Opportunity Fund core reduction from the Fiscal Year 2005 appropriation level.

DEFERRED COMPENSATION PROGRAM

The Missouri State Public Employees Deferred Compensation Commission was created by Sections 105.900 to 105.927, RSMo, to encourage employees to supplement the Missouri State Employees' Retirement Plan and their Social Security. Participation in the Deferred Compensation Plan doubled after the \$25 per month match was legislated in 1996. Approximately 39,000 employees qualify for the match.

Fiscal Year 2006 Governor's Recommendations

- \$3,846 transferred from the Department of Mental Health for new staff in the Division of Alcohol and Drug Abuse.

FRINGE BENEFITS

DISBURSEMENT FOR UNEMPLOYMENT BENEFITS

The State of Missouri, as a governmental entity, is required to pay contributions to the Division of Employment Security as specified by law so that unemployment claims may be paid to former employees. A governmental entity may elect to either pay contributions in advance based on a statutory formula or to reimburse the Division of Employment Security for actual claims paid out to former employees. The State of Missouri utilizes the reimbursement for actual claims paid option. By using this deferred method of payment and one central appropriation, the state simplifies the administration of unemployment benefits.

Fiscal Year 2006 Governor's Recommendations

- \$990 transferred from the Department of Mental Health for new staff in the Division of Alcohol and Drug Abuse.

MISSOURI CONSOLIDATED HEALTH CARE PLAN

The Missouri Consolidated Health Care Plan administers health care benefits for state employees. In 1995, municipalities and other public entities were allowed to join the Missouri Consolidated Health Care Plan as well, building a larger pool of members and greater bargaining power for lower cost medical services.

Fiscal Year 2006 Governor's Recommendations

- \$12,000,000 to continue benefits for calendar year 2005 and expected increases for the first half of calendar year 2006, including \$8,040,000 general revenue.
- \$7,691,066 to adjust the portions of benefits paid from general revenue to more accurately reflect anticipated costs.
- \$84,643 transferred from the Department of Mental Health for new staff in the Division of Alcohol and Drug Abuse.
- (\$7,691,066) federal and other funds core reduction from the Fiscal Year 2005 appropriation level to correct the distribution of appropriations between general revenue, federal, and other funds.
- (\$3,966,267) core reduction from the Fiscal Year 2005 appropriation level for savings due to closing the Bellefontaine facility and forming a private-public partnership for the Independent Supported Living Program within the Department of Mental Health.

WORKERS COMPENSATION

The State of Missouri is responsible for payment of Workers' Compensation benefits to injured state employees in accordance with Chapter 287, RSMo. The payment of Workers' Compensation benefits for all state employees, excluding the Department of Transportation, the Missouri State Highway Patrol, and the University of Missouri system, is covered under this program and is administered by the Office of Administration's Division of General Services. Payments made by general revenue on behalf of employees paid from other funding sources are transferred from these funds back to general revenue. As a Workers' Compensation self-insurer, the state pays its Workers' Compensation tax and Second Injury Fund assessments based on billings received from the Department of Insurance and the Division of Workers' Compensation.

Fiscal Year 2006 Governor's Recommendations

- \$3,900,000 to bring the Workers' Compensation core appropriation in line with estimated Fiscal Year 2006 expenditures.
- \$885,000 to pay Workers' Compensation tax and Second Injury Fund assessments, including \$865,000 general revenue.
- \$3,654 transferred from the Department of Mental Health for new staff in the Division of Alcohol and Drug Abuse.
- (\$100) transferred to the Office of Administration for information technology resources that will be administered by the Division of Information Services.

OTHER EMPLOYER DISBURSEMENTS

VOLUNTARY LIFE INSURANCE

State employees may opt to withhold funds for voluntary life insurance. This appropriation provides expenditure authority to distribute the monies withheld to the various life insurance companies as designated by the employees.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

FRINGE BENEFITS

CAFETERIA PLAN TRANSFER

The state offers a tax reduction plan for state employees. The federal government requires the state to provide a sufficient balance in the medical expenses category for timely reimbursements to plan participants.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

HUMAN RESOURCES CONTINGENCY FUND TRANSFER

This transfer section has been added to ensure that payroll checks submitted for payment against accounts with temporary allotment or fund cash flow problems can be generated within the time constraints of pay period processing.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

LEGAL EXPENSE FUND

The State of Missouri, its agencies, officials, appointees, and employees are exposed to liability in the conduct of official state business. The Office of Administration, in association with the Attorney General's Office, seeks to provide a means to fund claims and judgments against these individuals and agencies in the most cost-effective manner possible. The State Legal Expense Fund was created to pay claims against the state, its officers, and employees as provided under Section 105.711, RSMo.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF AGRICULTURE

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 5,628,168	\$ 9,625,646	\$ 22,900,466	\$ 13,150,533
Information Technology	0	0	0	913,563
Agriculture Business Development	2,432,900	3,199,621	3,373,741	3,367,765
Market Information and Outreach	734,252	1,089,161	1,089,161	1,092,780
Division of Animal Health	3,607,753	5,048,505	5,619,715	5,252,816
Division of Grain Inspection and Warehousing	2,031,785	2,902,813	2,902,813	2,895,731
Division of Plant Industries	2,407,803	3,123,743	3,035,917	3,011,054
Division of Weights and Measures	3,143,417	4,245,441	4,338,039	4,225,198
Missouri State Fair	4,442,270	4,947,563	4,947,563	4,930,011
State Milk Board	1,266,343	1,910,397	1,578,814	1,571,542
DEPARTMENTAL TOTAL	\$ 25,694,691	\$ 36,092,890	\$ 49,786,229	\$ 40,410,993
General Revenue Fund	12,968,647	15,248,217	30,281,667	20,875,352
Federal Funds	2,107,012	5,490,357	5,570,039	5,451,177
State Fair Fees Fund	3,868,520	4,399,937	4,416,673	4,428,139
Milk Inspection Fees Fund	1,119,009	1,770,827	1,439,294	1,441,692
Grain Inspection Fees Fund	1,203,201	1,985,621	1,938,257	1,953,358
State Contracted Manufacturing Dairy Plant				
Inspection and Grading Fee Fund	0	8,000	8,000	8,000
Petroleum Inspection Fund	1,929,812	2,290,231	2,168,769	2,182,316
Petroleum Violation Escrow Fund	500,000	1,000,000	0	2
Marketing Development Fund	925,803	1,610,910	1,736,030	1,737,162
Other Funds	1,072,687	2,288,790	2,227,500	2,333,795
Full-time equivalent employees	383.46	444.85	453.10	450.85

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$40.4 million for the Department of Agriculture. The department provides services for Missouri's farmers and ranchers; agricultural producers; processors; and consumers of food, fuel, and fiber products. The core functions provided by the Department of Agriculture include:

- Promotion and development of Missouri agriculture, including value-added businesses, both at home and abroad.
- Protection of Missouri's livestock and domestic animals, and the businesses and citizens who rely on them.
- Inspection of Missouri's fresh fruits, vegetables, milk, feed, seed, and forest products.
- Regulation, control, and inspection of measuring devices and petroleum products.

Some measures of the health of Missouri's agricultural economy follow:

	2001	2002	2003
Missouri Net Farm Income (millions)	\$1,050.0	\$466.1	\$1,467.7
<i>(Decrease in 2002 is primarily due to drought conditions)</i>			
Cash receipts from the sale of Missouri agricultural products (billions)	\$4.745	\$4.263	\$4.973
Missouri livestock cash receipts (billions)	\$2.695	\$2.284	\$2.628
Missouri crop cash receipts (billions)	\$2.050	\$1.979	\$2.344
Value of Missouri agricultural exports (billions)	\$1.249	\$1.178	\$1.239
Missouri ethanol plant products in gallons (millions)	34.3	39.8	53.9

DEPARTMENT OF AGRICULTURE

POLICY SUMMARY (Continued)

Supporting Renewable Fuel Production

Governor Blunt will make funding for the biodiesel and ethanol producer incentive funds a priority. Through better management and the efficient use of Missouri tax dollars, Governor Blunt will see to it that current production commitments are being met and that money will be available to match the demands of new farmer-owned biodiesel and ethanol facilities as they come into production. In addition, Governor Blunt will provide funding to start addressing outstanding commitments made to ethanol producers in previous years. To support renewable fuel production, the Governor recommends:

- \$5,332,200 for Missouri qualified fuel ethanol producer incentive payments
- \$5,332,200 for Missouri qualified fuel ethanol producer incentive outstanding commitments.
- \$1E for Missouri qualified biodiesel producer incentive payments

Enhancing Missouri's Agro-Terrorism Preparedness

During this age of global terrorism, we must be vigilant about the safety of our food supply. As the area of food security continues to evolve, informed coordination of the affected sectors at the state level is of paramount importance. The Department of Agriculture should have the lead role in state activities and will work with agricultural organizations across Missouri whenever possible. Effective and informed coordination will be key to implementing a successful food security strategy. To enhance Missouri's agro-terrorism preparedness, the Governor recommends:

- \$172,715 in federal funds and three staff to initiate an animal care facility registration system to aid in the timely identification and tracking of animals carrying dangerous, infectious diseases of intentional or accidental origin.
- \$1E in federal funds for agro-terrorism response planning and training grants

DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR

The Office of the Director makes policy decisions on agricultural issues, sets the department's goals and priorities, and coordinates activities of the various divisions to achieve those goals. The Office of the Director includes administrative functions such as human resources, fiscal services, public information, information technology, and statistical services. The Director's Office also administers the Ethanol Producer Incentive Program and the National Tobacco Growers Phase II Settlement Program.

Fiscal Year 2006 Governor's Recommendations

- \$5,332,200 for production incentives for ethanol plants.
- \$30,090 other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$2 open-ended authority for biodiesel production incentives, including \$1 general revenue.
- \$9,139 for pay plan, including \$7,137 general revenue.
- \$24,516 reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$1,363,244) federal and other funds for one-time expenditures.
- (\$507,816) and (9.5) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$402,832) general revenue.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$55,800 federal funds and one staff to implement a diseased animal identification and tracking system.
- \$4,486 for pay plan, including \$3,129 general revenue.
- \$853,277 and 10.5 staff reallocated from various divisions for information technology resources that will be administered by the Office of Administration, including \$423,543 general revenue.

DIVISION OF AGRICULTURE BUSINESS DEVELOPMENT

The Agriculture Business Development Division (ABD) increases the profitability of Missouri's farmers and agribusinesses by increasing international and domestic sales of agricultural products that are produced or processed in Missouri. The division provides six specific services: (1) business counseling, (2) domestic marketing assistance, (3) international marketing assistance, (4) industry facilitation, (5) product promotion, and (6) financial programs. The first five of these services are administered through the Business Services Program of ABD. Financial programs are administered through the Missouri Agriculture and Small Business Development Authority (MASBDA), which is governed by an independent board. MASBDA administers loans, loan guarantees, grants, and tax credits aimed at increasing the profitability of Missouri's farmers.

ABD staff are assigned to at least one of five customer teams: (1) Crops and Timber (also includes forages, feed ingredients, biomass and biofuels); (2) Livestock (also includes meat products and dairy); (3) Horticulture and Agritourism (also includes farmers markets); (4) Food Products; and (5) Grape and Wine (which administers the Grape and Wine Program that is governed by an independent board). These teams work closely with commodity organizations and other industry partners to develop and implement strategies that meet client needs in each agricultural sector.

ABD also administers the AgriMissouri branding initiative which promotes products that are produced or processed in Missouri through a variety of marketing channels, including retail, restaurant, schools, institutions, and direct-to-consumer marketing. Over 250 Missouri businesses are members of AgriMissouri. Members of the Commission on the Marketing of Missouri Agricultural Products serve as advisors to the department's AgriMissouri marketing efforts.

Fiscal Year 2006 Governor's Recommendations

- \$90,000 Marketing Development Fund to assist agri-businesses in their development of native plant sales and related services.
- \$50,000 for dairy early planning grants to help producers identify new business opportunities and improve production efficiency.
- \$34,120 Marketing Development Fund to promote sales of Missouri grape and wine products by restaurants, caterers, and other retail operations.
- \$10,346 for pay plan, including \$7,030 general revenue.
- (\$15,761) reallocated for information technology resources that will be administered by the Office of Administration, including (\$3,957) general revenue.
- (\$561) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF AGRICULTURE

DIVISION OF MARKET INFORMATION AND OUTREACH

The Division of Market Information and Outreach includes the Market News Program and the Outreach Program. The Market News Program provides timely and unbiased price information that enables producers to make sound marketing decisions. Field market news reporters report market prices from throughout Missouri. This information is made available to the public daily through the Internet, media (including radio and newspapers), automated telephone reports, and the Weekly Market Summary.

The Outreach Program provides targeted, high-quality information about agriculture and department services to urban, rural, and non-farm audiences. One example is the *Show Me Agriculture* newsletter that is designed to meet Missouri's Show Me standards for fourth grade students and is used by many teachers and fourth graders throughout the state. The program's Missouri Agribusiness Academy encourages young men and women to pursue agricultural careers. The program also serves as the liaison between agricultural commodity groups and the Department of Agriculture and facilitates board of director elections for many agricultural merchandising groups.

Fiscal Year 2006 Governor's Recommendations

- \$6,463 for pay plan, including \$4,928 general revenue.
- (\$2,844) reallocated for information technology resources that will be administered by the Office of Administration, including (\$332) general revenue.

DIVISION OF ANIMAL HEALTH

The Division of Animal Health implements regulations and programs to protect Missouri's livestock, poultry, and other domestic animals from dangerous, infectious, or contagious diseases. This includes enforcement of regulations as required under Section 267.230, RSMo, which gives the director of the Department of Agriculture the authority to designate certain employees to intercept, stop, or detain for official inspection any vehicle carrying livestock in the state. Through control and elimination of diseases and diseased animals, the division enables Missouri's livestock and poultry to remain eligible for interstate and international export marketing. Diagnostic laboratories are maintained in Jefferson City and Springfield, and additional professional services are contracted through the University of Missouri-Columbia College of Veterinary Medicine.

The division's Meat and Poultry Inspection Program works with producers to promote, protect, and develop the agricultural interests of Missouri processed meat products. This program helps livestock and poultry producers add value to their operations and capture additional profits from their meat products. To ensure the health and well being of companion animals sold in Missouri, the division also licenses and inspects animal shelters, dog pounds, boarding kennels, commercial kennels, contract kennels, and pet shops.

Fiscal Year 2006 Governor's Recommendations

- \$194,392 federal and other funds and four staff to expand the state meat and poultry inspection program allowing additional small slaughterhouses and processors to sell their services and products instate.
- \$116,915 federal funds and two staff to implement a diseased animal identification and tracking system.
- \$1 federal funds open-ended authority for homeland security planning, training, and equipment grants.
- \$27,925 for pay plan, including \$18,196 general revenue.
- (\$90,360) reallocated for information technology resources that will be administered by the Office of Administration, including (\$3,710) general revenue.
- (\$40,792) for one-time expenditures, including (\$16,771) general revenue.
- (\$3,770) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF AGRICULTURE

DIVISION OF GRAIN INSPECTION AND WAREHOUSING

The Division of Grain Inspection and Warehousing operates four programs to assist Missouri grain farmers and agribusinesses. The Grain Regulatory Services Program enforces the provisions of the Grain Warehouse Law, Chapter 411, RSMo, and the Grain Dealers Law, Section 276.401-276.581, RSMo, to ensure grain producers that licensed grain warehouses and grain dealers are reputable businesses in sound financial condition.

The Grain Inspection Services Program provides official inspection and weighing of grain upon request to assist both grain farmers and grain businesses in the marketing of Missouri's corn, soybean, wheat, and other grain crops. The program covers all costs of operation by charging fees for services performed, which are deposited into the Grain Inspection Fees Fund.

The division also administers the state's Certified Agricultural Mediation Program, which mediates disputes between Missouri farmers and USDA agencies, and the Commodity Merchandising Program, which provides centralized administration for the collection and distribution of fees for nine commodity check-off programs.

Fiscal Year 2006 Governor's Recommendations

- \$22,886 for pay plan, including \$6,766 general revenue.
- (\$29,968) reallocated for information technology resources that will be administered by the Office of Administration, including (\$7,968) general revenue.

DIVISION OF PLANT INDUSTRIES

The Division of Plant Industries operates six programs and two laboratories serving Missouri agriculture. The Feed and Seed Program performs sampling and laboratory analyses of planting seed and commercial feeds to ensure that they meet requirements for accurate labeling. Inspections are also conducted to ensure good manufacturing practices are followed and that prohibited mammalian protein is not formulated into feed rations to help prevent the dissemination of BSE (Mad Cow Disease).

The Pesticide Control Program promotes the safe use of pesticides by licensing private and commercial applications, conducting field inspections, conducting investigations of pesticide misuse, and ensuring the proper registration of pesticides. The Plant Pest Control Program conducts inspections of nurseries, greenhouses, and other plant products to prevent the introduction and dissemination of insect, disease, and noxious weed pests that could be detrimental to plants and crops. Phytosanitary certification inspections are also conducted for plant materials being exported to other states and countries.

The Integrated Pest Management Program (IPM) promotes effective alternative strategies to traditional pest control through the use of biological control agents, pest resistant varieties, and adoption of improved cultural practices. The IPM Program also administers the Boll Weevil Eradication Program and the Organic Certification Program. The Forest Resources and Weed Control Program inspects treated wood products to ensure that minimum preservation standards are met and assists county weed control boards in the control and eradication of Johnson grass, a noxious weed. The Fresh Fruit and Vegetable Inspection Program performs shipping point and terminal market inspections of fresh produce to facilitate the sale of Missouri grown produce and ensure the quality of produce sold to consumers.

Fiscal Year 2006 Governor's Recommendations

- \$73,176 for the replacement purchase of an inductively-coupled-plasma analyzer used to test animal feed mineral content and treated timber preservative levels.
- \$16,300 for the replacement purchase of a crude-fat-extraction analyzer used to test nutritionally necessary fat content in animal feed.
- \$19,779 for pay plan, including \$15,327 general revenue.
- (\$177,302) federal funds for one-time expenditures.
- (\$42,978) reallocated for information technology resources that will be administered by the Office of Administration, including (\$2,979) general revenue.
- (\$1,664) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF AGRICULTURE

DIVISION OF WEIGHTS AND MEASURES

The Division of Weights and Measures operates four regulatory programs and two laboratories to fulfill its goal of protecting consumers. The Device and Commodity Program inspects livestock market, grain elevator, vehicle, and small retail scales and scanning devices to ensure their accuracy. In addition, milk sales practices are monitored and shell eggs are inspected for quality.

The Petroleum/Propane/Anhydrous Ammonia Program protects consumers against inaccurate and unsafe gasoline pumps and unsafe practices by the retailer. They also inspect public institutions, commercial facilities, mobile home parks that store and use propane, and LPG-converted vehicles (including school buses) to protect lives and property from fire and explosions. In addition, they approve propane gas delivery truck and dispenser meters to prevent overcharges on fuel bills and oversee anhydrous ammonia fertilizer installations for safety.

The division's Metrology Laboratory certifies volume and weight standards used by device service repair technicians, maintains all mass and volume standards used for calibrating industry standards, and certifies all weighing and measuring devices used by the division's inspectors. In addition, the Moisture Meter Program protects Missouri farmers against unjustified discounts on grain sales due to inaccurate moisture content values.

The Fuel Quality Program and laboratory collect samples and perform chemical analyses on gasoline, diesel fuel, heating oil, and other fuels to ensure that octane and other quality specifications are met.

Fiscal Year 2006 Governor's Recommendations

- \$53,580 for the purchase of working metric standards necessary to ensure advertised product weights of internationally traded commodities and the digital replacement of a large mass measurement balance acquired by the department in 1968.
- \$39,018 for the replacement purchase of more reliable, flexible, and accurate scales used to test the content weight of products packaged for consumer purchase.
- \$24,184 for pay plan, including \$10,637 general revenue.
- (\$136,772) federal and other funds and (one) staff reallocated for information technology resources that will be administered by the Office of Administration.
- (\$253) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (One) staff core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF AGRICULTURE

MISSOURI STATE FAIR

The Missouri State Fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, the fair offers a variety of entertainment and educational events. The fairgrounds also are available during the rest of the year for various types of exhibits, sales, meetings, and entertainment.

Fiscal Year 2006 Governor's Recommendations

- \$16,716 for pay plan, including \$5,360 general revenue.
- (\$16,000) State Fair Fees Fund reallocated for information technology resources that will be administered by the Office of Administration.
- (\$18,268) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
State Fair Administration	\$ 4,442,270	\$ 4,947,562	\$ 4,930,010
Aid-To-Fairs Premiums	0	1	1
DIVISIONAL TOTAL	\$ 4,442,270	\$ 4,947,563	\$ 4,930,011
PERSONAL SERVICE			
General Revenue Fund	579,715	554,416	541,508
State Fair Fees Fund	842,108	1,135,588	1,146,944
EXPENSE AND EQUIPMENT			
State Fair Fees Fund	2,973,717	3,194,068	3,191,558
State Fair Trust Fund	3,140	10,000	10,000
PROGRAM SPECIFIC DISTRIBUTION			
State Fair Fees Fund	43,590	53,490	40,000
Marketing Development Fund	0	1	1
TOTAL	\$ 4,442,270	\$ 4,947,563	\$ 4,930,011
General Revenue Fund	579,715	554,416	541,508
State Fair Fees Fund	3,859,415	4,383,146	4,378,502
Marketing Development Fund	0	1	1
State Fair Trust Fund	3,140	10,000	10,000
Full-time equivalent employees	60.77	61.75	61.75

DEPARTMENT OF AGRICULTURE

STATE MILK BOARD

The State Milk Board inspects, samples, and tests milk and milk products ensuring that they are wholesome and safe for consumption. The board operates both a Grade A Milk Inspection Program and a Manufacturing Grade Milk Inspection Program to ensure milk quality. An inspection fee of five cents per one hundred pounds of Grade A milk is assessed and deposited in the Milk Inspection Fees Fund to cover all costs of the Grade A Milk Inspection Program. The Manufacturing Grade Milk Inspection Program, which ensures sanitation and quality standards for milk used only for manufacturing dairy products (e.g. cheese, butter, and ice cream), is funded from general revenue because inspection fees have not been assessed on manufacturing grade milk producers. Approximately one-half of all Grade A milk is consumed as fluid milk with the remainder used for manufacturing purposes.

Fiscal Year 2006 Governor's Recommendations

- \$3,506 for pay plan, including \$1,121 general revenue.
- (\$331,583) Milk Inspection Fees Fund core reduction from the Fiscal Year 2005 appropriation level.
- (\$10,778) reallocated for information technology resources that will be administered by the Office of Administration, including (\$1,765) from general revenue.

DEPARTMENT OF NATURAL RESOURCES

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 6,454,468	\$ 8,165,431	\$ 8,165,431	\$ 5,615,687
Information Technology Consolidation	0	0	0	6,352,680
Agency-Wide Operations	19,338,881	30,949,647	30,843,793	31,077,757
Outreach and Assistance Center	21,111,213	15,497,170	17,857,170	15,948,751
Environmental Improvement & Energy Res. Authority	0	1	1	1
Division of State Parks	31,474,373	36,875,290	36,875,290	36,337,781
Geology Survey and Resource Assessment Division	5,145,657	6,231,548	6,346,148	5,944,812
Environmental Programs	112,884,211	231,215,002	230,975,981	227,296,360
DEPARTMENTAL TOTAL	\$ 196,408,803	\$ 328,934,089	\$ 331,063,814	\$ 328,573,829
General Revenue Fund	8,595,916	8,521,062	10,913,496	8,714,391
Federal Funds	31,827,742	45,192,505	44,440,274	44,588,267
Water Pollution Control Fund	0	23,469,825	23,469,825	23,469,825
Stormwater Control Fund	2,762,484	18,985,859	18,985,859	18,985,859
Petroleum Storage Tank Insurance Fund	17,697,656	28,726,461	28,219,371	27,314,755
Water and Wastewater Loan Revolving Fund	20,500,000	24,000,000	24,000,000	24,000,000
Parks Sales Tax Fund	24,052,408	27,154,260	27,177,229	27,372,399
Soil and Water Sales Tax Fund	24,446,610	38,736,270	38,912,366	38,932,558
Water and Wastewater Loan Fund	16,209,973	50,000,003	50,027,002	50,027,002
Other Funds	50,316,014	64,147,844	64,918,392	65,168,773
Full-time equivalent employees	1,895.11	1,987.12	1,996.70	1,955.72

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$328.6 million for the Department of Natural Resources. The department strives to preserve, protect, and enhance Missouri's natural, cultural, and energy resources. The core functions provided by the Department of Natural Resources include:

- Managing Missouri's state parks and cultural and historical resources, a system which generates \$500 million annually for the state's economy.
- Protecting Missouri's water resources by enforcing state and federal environmental laws.
- Overseeing environmental programs that improve air quality and safely manage hazardous and solid waste.
- Helping landowners conserve precious topsoil.
- Investigating the state's geology to determine the character and availability of the state's natural resources.
- Providing centralized assistance on environmental regulation and energy efficiency measures to builders, local governments, and farmers.

Accountable and Responsible Government

The Department of Natural Resources will be directed not only to protect and enhance Missouri's natural, cultural, and energy resources, but also to carry out its responsibilities in a way that demonstrates openness to differing points of view. Permits of varying kinds are an essential part of doing business in the State of Missouri. Governor Blunt will work to provide environmental protection while still allowing economic development. Economic development opportunities should not be allowed to escape Missouri communities because of a lengthy permit process. Decisions should be made quickly, decisively, and with prompt notification to the applying party. Governor Blunt will work to repair the perceived rift between the Department of Natural Resources and the public. The department must be flexible within the context of the law -- solving problems that exist in the state's environment without incurring unnecessary delays and excessive costs that impede economic growth.

DEPARTMENT OF NATURAL RESOURCES

POLICY SUMMARY (Continued)

Some performance measures the Department of Natural Resources uses to evaluate the quality of Missouri's water and land follow:

	2002	2003	2004
Percent of Missouri streams safe for specific uses (from percent of stream miles inventoried biannually)	48%	N/A	50%
Percent of Missouri lakes safe for specific uses (from percent of lake acres inventoried biannually)	69%	N/A	71%
Percent of Missourians living where drinking water meets federal standards	95%	95%	95%
Tons of solid waste diverted from Missouri landfills	4.7 million	5.0 million	N/A
Tons of solid waste disposed of by Missourians	6.2 million	6.3 million	N/A
Tons of solid waste saved (cumulative)	76.5 million	81.0 million	84.3 million
Percent of land disturbed by mining activities that has been reclaimed	46%	47%	45%
Percent of hazardous waste recycled/reused/reclaimed	19%	12%	N/A
Percent of hazardous waste recovered for energy	12%	17%	N/A
Percent of hazardous waste otherwise disposed	69%	71%	N/A

Some performance measures the Department of Natural Resources uses to evaluate the quality of Missouri's air and the use of renewable energy sources follow:

	2002	2003	2004
Days that are unhealthy for sensitive groups in the St. Louis area	4.2	3.4	4.0
Days that are unhealthy for sensitive groups in the Kansas City area	11.5	3.8	8.0
Renewable energy consumed in Missouri	5.28 trillion BTUs	7.55 trillion BTUs	8.00 trillion BTUs

Some performance measures the Department of Natural Resources uses to evaluate the effectiveness of recreational opportunities and natural and historic preservation programs follow:

	2002	2003	2004
Number of visitors to state parks	17.8 million	17.1 million	16.2 million
Camping permits for Missouri's state parks	286,899	277,501	265,820
Percent of Missouri natural landscapes preserved in state parks	79%	84%	N/A
Percent of Missouri endangered or threatened species in state parks	21%	22%	N/A
Nationally registered Missouri historic resources (cumulative)	19,373	20,327	21,664

Preserving our Natural Treasures

Missouri is blessed with an abundance of natural treasures. Surveys have revealed that the quality of life Missourians enjoy is directly related to the natural resources of our state. The Department of Economic Development's Division of Tourism slogan, "Where the Rivers Run," speaks to the importance of water quality and quantity in our lakes, rivers, and streams. Tourism ranks high in economic importance, generating millions of dollars annually for our state's economy. For these reasons, it is imperative that high priority be given to protecting our valuable natural resources. Governor Blunt will ask each Missourian to accept responsibility and to be good stewards of our natural resources.

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE DIRECTOR AND DIVISION OF ADMINISTRATIVE SUPPORT

The Office of the Director provides departmental focus on policies and outcomes, seeks to improve efficiency, drives customer-focused initiatives, ensures public participation in decision-making, and attains results positively affecting the quality of water, air, land, energy, and recreational and cultural resources. The Office of the Director manages the department's five divisions, as well as the Outreach and Assistance Center, ensuring that the department meets all its responsibilities, statutory and otherwise. The office develops, implements, and coordinates the department's employee relations activities, strategic planning, policy research and practices, legislative initiatives, as well as the department's collaborations with other state, local, and federal agencies. The office represents Missouri before several regional and national organizations and agencies, including the U.S. Environmental Protection Agency, regional river basin associations, and the Midwest Interstate Low-Level Radioactive Waste Compact.

The Division of Administrative Support develops the department's budget; performs accounting, internal auditing, and procurement functions; administers the department's personnel policies; and supports the department's statewide communications and computer infrastructure.

Fiscal Year 2006 Governor's Recommendations

- \$25,012 for pay plan, including \$5,752 general revenue.
- (\$2,569,914) and (30.13) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$264,596) general revenue.
- (\$4,842) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (One) staff core reduction from the Fiscal Year 2005 appropriation level.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$2,133 Solid Waste Management Fund in lieu of general revenue funding for solid waste management activities within the regional offices of the Division of Water Protection and Soil Conservation.
- \$1,000 Solid Waste Management Fund in lieu of current general revenue funding for solid waste management activities within the Division of Geological Survey and Resource Assessment.
- \$33,952 for pay plan, including \$5,298 general revenue.
- \$6,315,595 and 81.77 staff reallocated for information technology resources that will be administered by the Office of Administration, including \$601,270 general revenue.

AGENCY-WIDE OPERATIONS

A number of issues are multi-faceted and require resources and expertise from several divisions within the Department of Natural Resources. To deal effectively with these issues, the department consolidated these operations agency wide. These include audits to comply with federal single audit regulations, assistance with environmental impacts of highway projects, and activities of the Petroleum Storage Tank Insurance Fund Board. Also included within the department's agency-wide functions are activities related to homeland security. The department continues to utilize federal funds to prepare public water systems to respond to possible terrorist attacks and ensure their ability to continue to provide safe water for their customers. The department's efforts also include the installation and operation of an ambient air monitor network.

Fiscal Year 2006 Governor's Recommendations

- \$303,000 Petroleum Storage Tank Insurance Fund for contract inspection services.
- \$281,012 federal and other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$3,250 for pay plan, including \$324 general revenue.
- \$32,434 reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$419,300) Petroleum Storage Tank Insurance Fund core reduction from the Fiscal Year 2005 appropriation level.
- (\$72,286) federal and other funds reallocated for information technology resources that will be administered by the Office of Administration.

DEPARTMENT OF NATURAL RESOURCES

OUTREACH AND ASSISTANCE CENTER

The Outreach and Assistance Center performs a variety of vital functions relating to environmental quality, efficient and renewable energy production and use, historic preservation, and public outreach. It is comprised of the following:

- The Missouri Energy Center, the state's designated office for helping Missourians produce and use energy wisely, efficiently, and renewably, fosters and protects the state's environment, resources, and economic prosperity.
- The State Historic Preservation Office helps identify and preserve historic properties and cultural resources throughout the state, administers grants and loans, and assists taxpayers in qualifying for preservation tax credits.
- The non-regulatory Environmental Assistance Office provides technical, managerial, and financial planning assistance to business owners, local governments, and the general public to prevent and control pollution.
- The Community Assistance Office links the public to the department's financial and technical services and aids community planning.
- The Communications and Education Office provides the public with environmental, natural, and historic resource information, via the Internet as well as other media. The office publishes the "Missouri Resources" magazine; coordinates special events; and creates and distributes department publications, graphics, displays, and presentation materials.

Fiscal Year 2006 Governor's Recommendations

- \$600,000 transferred to the Historic Preservation Revolving Fund pursuant to Section 143.183, RSMo.
- \$41,761 for pay plan, including \$14,492 general revenue.
- (\$190,105) and (3.06) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$59,755) general revenue.
- (\$75) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

The Environmental Improvement and Energy Resources Authority, under Chapter 260, RSMo, is an independent, self-supporting, quasi-governmental agency assigned to the Missouri Department of Natural Resources.

Due to the special independent status as "a body corporate and politic," the authority is able to issue tax-exempt bonds and utilize fees charged for issuance of its bonds and notes. The authority is empowered to conduct environmental and energy research and development activities; develop alternative methods of financing environmental and energy projects; and assist Missouri communities, organizations, and businesses in obtaining low-cost funds and other financial assistance for projects related to the authority purpose.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE PARKS**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
PERSONAL SERVICE			
Federal Funds	\$ 112,960	\$ 97,935	\$ 98,914
State Park Earnings Fund	843,485	916,749	768,515
DNR Cost Allocation Fund	1,116,319	1,152,626	1,045,731
State Facility Maintenance and Operation Fund	216,743	245,966	248,425
Parks Sales Tax Fund	17,549,505	19,582,834	19,675,679
Meramec-Onondaga State Parks Fund	10,671	11,493	11,805
Babler State Park Fund	51,799	53,388	53,921
EXPENSE AND EQUIPMENT			
Federal Funds	94,614	206,428	206,306
State Park Earnings Fund	3,197,757	4,331,786	4,130,188
DNR Cost Allocation Fund	109,536	146,229	138,373
State Facility Maintenance and Operation Fund	107,507	111,327	111,327
Parks Sales Tax Fund	6,347,353	7,417,026	7,247,111
Meramec-Onondaga State Parks Fund	0	5,600	5,583
Babler State Park Fund	73,513	106,579	106,579
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	1,541,461	2,324,034	2,324,034
State Park Earnings Fund	0	65,290	65,290
Parks Sales Tax Fund	101,150	100,000	100,000
TOTAL	\$ 31,474,373	\$ 36,875,290	\$ 36,337,781
Federal Funds	1,749,035	2,628,397	2,629,254
State Park Earnings Fund	4,041,242	5,313,825	4,963,993
DNR Cost Allocation Fund	1,225,855	1,298,855	1,184,104
State Facility Maintenance and Operation Fund	324,250	357,293	359,752
Parks Sales Tax Fund	23,998,008	27,099,860	27,022,790
Meramec-Onondaga State Parks Fund	10,671	17,093	17,388
Babler State Park Fund	125,312	159,967	160,500
Full-time equivalent employees	744.76	757.70	748.38

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF STATE PARKS (Continued)

The Division of State Parks manages the many recreational, cultural, and historical resources of the Missouri state parks system. The division also administers programs to promote outdoor recreation statewide.

Missouri's state parks system consists of 83 state parks and historic sites covering approximately 140,000 acres and includes 3,621 campsites, 139 rental cabin units, 5 motels, 292 group camp buildings, and other office buildings. The system is divided into five field district offices, with each of the district headquarters reporting to the Central Office in Jefferson City. Administrative, maintenance, and service personnel manage the lands and improvements, provide recreational and educational programs for visitors, and provide necessary law enforcement. Funding provided by the one-tenth of one percent Parks and Soils Sales Tax has been used for projects such as campground remodeling; the addition of shower houses and restrooms; paving of roads within campgrounds; restoration of landscapes; and additional personnel for maintenance, education, and site interpretation. The Parks and Soils Sales Tax provides continued restoration and improvement of the state parks system and allows division staff to better serve the over 16 million people who visit parks and historic sites each year.

Central Office administration directs and coordinates the management of the state parks system. Responsibilities include personnel management, budget and policy development, and the evaluation of management procedures and performance. Central Office staff provide logistical support to the individual state parks; supervise the grounds maintenance of the State Capitol Complex; and operate the central sign shop, central warehouse, and aerial device unit. Staff also identify unique natural areas which may require protection; conduct special studies related to parks operations and development; and prepare site, architectural, and engineering plans and maps.

The division assists the State Inter-Agency Council for Outdoor Recreation in the administration of grants that finance outdoor recreation projects. The division also provided assistance to the Lewis and Clark Bicentennial Commission in the administration of grants to local communities participating in the commemoration of the "Corps of Discovery."

Fiscal Year 2006 Governor's Recommendations

- \$216,858 federal and other funds for pay plan.
- (\$754,367) federal and other funds and (9.32) staff reallocated for information technology resources that will be administered by the Office of Administration.

DEPARTMENT OF NATURAL RESOURCES

GEOLOGICAL SURVEY AND RESOURCE ASSESSMENT DIVISION

Headquartered in Rolla, Missouri, the Geological Survey and Resource Assessment Division investigates the state's geology; provides its knowledge and expertise for economic and environmental decision-making; and determines the character and availability of the state's water, energy, and mineral resources. The division also restores and maintains the state's original land survey monuments; houses the state's land survey records repository; and enforces the state's dam, reservoir, and well-drilling safety laws.

Geological Survey Program – The Geological Survey Program provides a wide variety of geological services for citizens, industry, academia, and government, including geologic mapping, mineral resource assessments, and geologic and earthquake hazard evaluations. The program works closely with other regulatory bodies to evaluate geologic conditions where such information is essential for proper environmental and economic planning. The program also regulates well drilling, ensuring the correct placement and construction of new wells as well as the safe closure of old wells.

Water Resources Program – Program hydrologists and geologists investigate and monitor surface water and groundwater resource characteristics, availability, and use to meet Missouri's comprehensive water needs. Staff operate a statewide groundwater aquifer-monitoring network with real-time water quantity data. Staff also collect and analyze surface-water flow data to safeguard against flood and drought. With the completion of Phase I and II of the State Water Plan, the program begins the statewide assessment of individual watersheds serving Missouri's communities and the state as a whole. The program also regulates approximately 640 dams, safeguarding the lives and property of Missourians living below them. Under the Dam and Reservoir Safety Council, engineers review permit applications for new and existing dams and conduct field visits to ensure that dams are properly constructed and maintained. The program also defends the state's vital water resource interests, including those related to river transport, before numerous interstate and interagency river basin associations.

Land Survey Program – Since the inception of the Land Survey Program in 1969, Missouri has experienced a reversal in the trend of lost and destroyed land corners of the United States Public Land Survey System (USPLSS). The program works with private surveyors, county surveyors, staff, and county commissions to maintain the state's USPLSS that serves as the framework for the determination of all property boundaries in the state. The program manages and maintains a statewide repository of land records. Approximately 1.8 million land survey documents and geodetic data are available for the entire state. The public can order the information through the repository on hard copy or in digital format. The information is also available for viewing from the original land survey field books and plats made by the general land office when the state was first surveyed. All these land survey records are stored in a vault in Rolla. The program maintains a statewide geographic reference system, consisting of 13,000 survey monuments.

Administration – The division's management section oversees and directs budgetary, financial, and personnel matters. The unit also administers building maintenance, computer support, database management, and the sale and distribution of requested information. The division director serves as Missouri's State Geologist on several boards and commissions.

Fiscal Year 2006 Governor's Recommendations

- \$114,626 Solid Waste Management Fund and three staff in lieu of general revenue funding for solid waste management activities within the Division of Geological Survey and Resource Assessment.
- \$43,671 for pay plan, including \$18,575 general revenue.
- (\$279,025) and (5.07) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$89,707) general revenue.
- (\$158,324) and (four) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$114,600) general revenue.
- (\$7,684) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

**DEPARTMENT OF NATURAL RESOURCES
ENVIRONMENTAL PROGRAMS**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Water Protection and Soil Conservation	\$ 18,924,769	\$ 24,083,113	\$ 22,339,703
Air and Land Protection	19,542,250	23,834,083	21,938,690
Inspection/Maintenance	751,720	1,464,847	1,333,970
Environmental Finance Support	73,665,472	181,832,959	181,683,997
TOTAL	\$ 112,884,211	\$ 231,215,002	\$ 227,296,360
PERSONAL SERVICE			
General Revenue Fund	3,033,856	2,820,276	2,365,988
Federal Funds	9,893,241	11,179,016	10,611,764
Solid Waste Management Fund	1,788,105	1,953,712	2,222,077
NRPF - Air Pollution Permit Fee Subaccount	3,954,486	4,199,375	4,200,319
Petroleum Storage Tank Insurance Fund	990,605	1,102,494	0
Soil and Water Sales Tax Fund	1,694,586	2,065,232	1,965,718
Missouri Air Pollution Control Fund	18,171	43,712	41,760
Hazardous Waste Remedial Fund	688,632	771,220	660,014
Other Funds	8,732,531	10,028,228	10,049,439
EXPENSE AND EQUIPMENT			
General Revenue Fund	454,446	417,094	327,825
Federal Funds	4,597,957	9,532,729	9,028,730
Solid Waste Management Fund	239,102	327,089	366,565
NRPF - Air Pollution Permit Fee Subaccount	836,680	1,425,994	1,395,527
Soil and Water Sales Tax Fund	1,033,398	1,094,846	1,051,365
Petroleum Storage Tank Insurance Fund	206,217	207,974	0
Water and Wastewater Loan Fund	0	3	2
Hazardous Waste Remedial Fund	193,823	297,676	232,762
Missouri Air Pollution Control Fund	843	6,496	6,458
Other Funds	3,178,064	8,473,275	8,290,403
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	32,894	6,509	6,509
Federal Funds	5,517,646	12,144,192	11,524,228
Solid Waste Management Fund	2,703,173	6,299,986	6,299,986
NRPF - Air Pollution Permit Fee Subaccount	1,509,748	2,027,000	2,027,000
Water and Wastewater Loan Revolving Fund	20,500,000	24,000,000	24,000,000
Soil and Water Sales Tax Fund	21,718,626	35,518,192	35,749,232
Water and Wastewater Loan Fund	16,195,973	50,000,000	50,000,000
Hazardous Waste Remedial Fund	0	15,638	15,638
Other Funds	3,171,408	45,257,044	44,857,051
TOTAL	\$ 112,884,211	\$ 231,215,002	\$ 227,296,360
General Revenue Fund	3,521,196	3,243,879	2,700,322
Federal Funds	20,008,844	32,855,937	31,164,722
Solid Waste Management Fund	4,730,380	8,580,787	8,888,628
Petroleum Storage Tank Insurance Fund	1,196,822	1,310,468	0
NRPF - Air Pollution Permit Fee Subaccount	6,300,914	7,652,369	7,622,846
Water and Wastewater Loan Revolving Fund	20,500,000	24,000,000	24,000,000
Soil and Water Sales Tax Fund	24,446,610	38,678,270	38,766,315
Water and Wastewater Loan Fund	16,195,973	50,000,003	50,000,002
Hazardous Waste Remedial Fund	882,455	1,084,534	908,414
Missouri Air Pollution Control Fund	19,014	50,208	48,218
Other Funds	15,082,003	63,758,547	63,196,893
Full-time equivalent employees	851.27	895.39	831.80

DEPARTMENT OF NATURAL RESOURCES

WATER PROTECTION AND SOIL CONSERVATION DIVISION

Structurally, the Water Protection and Soil Conservation Division encompasses two programs, five regional offices, seven satellite offices, and a supporting administrative unit. Functionally, the division implements and enforces state and federal environmental statutes and regulations protecting Missouri's water and soil resources.

Water Protection Program – The division's Water Protection Program includes three branches--the Water Pollution Branch, the Drinking Water Branch, and the Financial Assistance Center. The Water Pollution Branch protects the quality of Missouri's groundwater, streams, and lakes, safeguarding these vital resources. This enhances agricultural production, forestry, fisheries, water-intensive manufacturing, water recreation, tourism, hunting, fishing, and human and animal consumption. The Public Drinking Water Branch ensures that all public drinking water systems provide clean and healthy drinking water for Missouri's citizens by ensuring that public water system construction and operation comply with the requirements of the federal Safe Drinking Water Act. The Financial Assistance Center administers the federal Clean Water and Drinking Water State Revolving Fund programs that provide low-interest loans and grants to Missouri communities for the construction of new, and the improvement of existing drinking water supply, wastewater treatment, and storm-water management systems.

Soil and Water Conservation Program – The Soil and Water Conservation Program implements the policies of the Soil and Water Districts Commission to ensure the long-term productivity of Missouri's most basic resource, the soil. Departmental staff aid Missouri's local soil and water conservation districts and administer several soil conservation programs funded by one-half of the one-tenth of one percent dedicated sales tax renewed by Missouri voters in November 1996. Soil and Water Sales Tax funded programs include: cost-sharing grants for up to 75 percent of farmers' costs to implement approved soil conservation practices; loan interest payment assistance for landowners on loans expended for approved conservation practices and equipment; grants to local districts for administrative expenses and technical assistance; special incentives for intensive conservation measures in critical areas; soil survey mapping efforts; and grants for research on soil conservation problems.

Regional Offices – Regional and satellite offices provide technical assistance and compliance oversight for regulated facilities, helping them ensure the environmental health of their communities and its members. Operating regionally, these front-line, field staff address local, environmental inquiries and concerns. In addition to the five regional offices located in Kansas City, Macon, Poplar Bluff, Springfield, and St. Louis, smaller satellite offices supplement regional efforts by meeting special, local needs in Franklin, Jefferson, Lewis, Lincoln, Camden, Newton, Stone, and Taney counties. This regional orientation also permits other program staff to operate closer to the diverse urban and rural communities they serve, producing integrated but more locally responsive services.

Administration – Division administrative staff are responsible for providing overall policy, fiscal discretion, guidance, and support services to the direct programs and five regional offices; reviewing program reports; and representing the programs and commissions at departmental, state, and federal meetings. The administrative staff also maintains a divisional management system to identify and address environmental issues.

Fiscal Year 2006 Governor's Recommendations

- \$302,184 Solid Waste Management Fund and 6.63 staff in lieu of general revenue funding for solid waste management activities within the regional offices of the Division of Water Protection and Soil Conservation.
- \$149,202 for pay plan, including \$22,067 general revenue.
- \$13,214 other funds and .77 staff reallocated from the Division of Air and Land Protection.
- (\$1,101,342) and (19.29) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$301,851) general revenue.
- (\$1,086,835) and (16.29) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$183,162) general revenue.
- (\$19,833) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF NATURAL RESOURCES

AIR AND LAND PROTECTION DIVISION

The Air and Land Protection Division (ALPD) oversees air pollution control, hazardous waste management, solid waste management, mine reclamation, and the Environmental Services Program (ESP), which provides environmental laboratory and emergency response services.

Air Pollution Control Program – The Air Pollution Control Program (APCP) staff support the Air Conservation Commission, which develops policies to maintain and enhance the state's air quality for the protection of the public's health. Operating under the Clean Air Act's State Implementation Plans and Rules, the APCP reviews facility construction and operation permits to help ensure ambient air quality. Working with the department's regional office staff, the APCP identifies and works with facilities that are violating clean air quality requirements through a process called "conference, conciliation, and persuasion" to achieve compliance prior to pursuing any enforcement action. Collecting air quality and emission inventory data, the APCP provides benchmark data for Missouri air quality monitoring and planning. The APCP helps ensure that problematic St. Louis and Kansas City area ozone levels will improve and eventually meet federal, public health air standards. Staff also coordinate air pollution control activities with other programs in the division and local air pollution control agencies.

Hazardous Waste Program – State and federal law require oversight of hazardous waste practices from the point of generation through final disposal to ensure the safe and legal handling of such materials. Together with required registration of hazardous waste generators, the program's manifest and quarterly reporting systems enable the program to identify the amount and types of waste generated, stored, containerized, transported off-site, and treated or otherwise disposed. The Hazardous Waste Program (HWP) also addresses abandoned or uncontrolled hazardous waste sites through preliminary assessments, site investigations, feasibility studies, remedial investigations, interim remedial measures, immediate removals, and long-term or final remedial actions. The HWP registers and regulates petroleum underground storage tanks; provides general and technical information concerning the installation, use and closure of such systems; encourages compliance with underground storage tank law, regulations, and performance standards; and oversees corrective actions taken in response to leaks and other dangerously improper releases.

Solid Waste Management Program – The Solid Waste Management Program protects public health and the environment by requiring proper management of solid waste. The program encourages waste reduction, reuse, recycling, energy recovery, improved processing, and proper disposal. Implementing alternatives to the long-term storage of our waste will help to safeguard against landfill capacity shortages and will foster better use of our natural resources, including the otherwise productive land taken up to store our trash. Effectively regulating solid waste transportation, treatment, and storage through the implementation of solid waste management plans will help to minimize harmful land, water, and air pollution.

Land Reclamation Program – The Land Reclamation Program staff provide technical support for the Land Reclamation Commission. The commission regulates the mining of coal and other mineral commodities (such as barite, tar sands, clay, limestone, sand, and gravel) and provides for the reclamation of mined lands. Staff review mining and reclamation plans, issue permits that require security bonds to guarantee the reclamation of mined lands, and inspect sites to ensure reclamation performance. Program staff inventory and assess abandoned mined lands for health and pollution hazards to prioritize the reclamation of these abandoned areas. Funds now used to closeout the Abandoned Mine Land Reclamation Program will be depleted during Fiscal Year 2006, at which time all abandoned coal mine land reclamation will cease.

Environmental Services Program – The ESP provides highly specialized technical services used to assess the effects of regulated activities and entities on the health of Missouri's citizens and their communities. The ESP works with both the ALPD and the Water Protection and Soil Conservation Division to detect; trace from origin to end; and mediate, if necessary, dangerous environmental contaminants and conditions. Services include general environmental analyses, Environmental Emergency Response efforts, water monitoring, field sampling, and air monitoring. The ESP staffs the state's only environmental laboratory and meets almost all of the department's analytical service needs. The ESP also oversees the cleanup of controlled substances (primarily methamphetamine) and their chemical precursors, managing the state's Clandestine Drug Lab Collection Station Program.

Administration – Division administrative staff coordinates program activities, analyzes personnel procedures, coordinates budget preparation, reviews and implements legislation, reviews program reports, and represents the programs and commissions at departmental, state, and federal meetings. The administrative staff also maintains a divisional management system to identify and address environmental issues.

Fiscal Year 2006 Governor's Recommendations

- \$58,508 Solid Waste Management Fund and .95 staff in lieu of general revenue funding for solid waste management activities within the Division of Air and Land Protection's Environmental Services Program.
- \$158,976 for pay plan, including \$1,360 general revenue.
- (\$1,225,247) and (16.92) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$4,050) general revenue.
- (\$874,416) and (17.69) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$58,088) general revenue.
- (\$13,214) other funds and (.77) staff reallocated to the Division of Water Protection and Soil Conservation.

DEPARTMENT OF NATURAL RESOURCES

INSPECTION/MAINTENANCE

The Gateway Clean Air Program is part of Missouri's continuing efforts to improve the air quality in the St. Louis area. A major component of the program is the enhanced vehicle emissions test. The emissions test uses state-of-the-art technology and is designed to identify the total amount of emissions generated by today's computer-controlled vehicles under normal driving conditions. The outcome will be cleaner air to breathe.

Fiscal Year 2006 Governor's Recommendations

- \$6,937 Missouri Air Emission Reduction Fund for pay plan.
- (\$137,814) Missouri Air Emission Reduction Fund and (.98) staff reallocated for information technology resources that will be administered by the Office of Administration.

ENVIRONMENTAL FINANCE SUPPORT PROGRAM

The department administers a variety of funds for local governments and others to combat air pollution, clean up abandoned and uncontrolled hazardous waste sites, reclaim abandoned mine lands, monitor and test drinking water supplies, and construct or improve water and wastewater facilities.

Fiscal Year 2006 Governor's Recommendations

- \$231,040 Soil and Water Sales Tax Fund for local soil and water conservation district staff fringe benefit cost increases.
- (\$380,000) federal funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$2) federal and other funds reallocated for information technology resources that will be administered by the Office of Administration.

DEPARTMENT OF CONSERVATION

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Personal Service	\$ 69,271,380	\$ 74,787,247	\$ 78,578,462	\$ 79,281,540
Expense and Equipment	46,323,882	55,860,411	52,859,674	52,859,674
Program Specific Distribution	<u>5,562,039</u>	<u>3,283,465</u>	<u>5,758,465</u>	<u>5,758,465</u>
TOTAL				
Conservation Commission Fund	\$ 121,157,301	\$ 133,931,123	\$ 137,196,601	\$ 137,899,679
Full-time equivalent employees	1,784.32	1,871.61	1,871.61	1,871.61

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$138 million for the Department of Conservation to support its mission to protect and manage the fish, forest, and wildlife resources of Missouri. Governor Blunt will encourage the department to serve the public responsibly, to facilitate the public's participation in resource management activities, and to provide an opportunity for all citizens to use, enjoy, and learn about Missouri's natural treasures. Under Governor Blunt's leadership, departments have been directed to reduce administrative costs by developing more efficient ways to provide public services.

Ensuring a Stable Source of Funding

In 1976, Missouri voters endorsed a measure authorizing a one-eighth of one-cent sales tax to provide for conservation services. This dedicated funding source has allowed the department to be self-sustaining and has helped foster abundant fish, wildlife, forestry, and water resources for generations of Missourians.

Following are some performance measures the Department of Conservation uses to evaluate its goals of protecting Missouri's fish, forest, and wildlife:

	2002	2003	2004
Number of acres of Conservation land available (fee title)	776,294	775,259	774,040
Number of acres designated as Missouri natural areas	56,300	59,600	59,600
Number of hunting and fishing permit holders	1,385,217	1,393,995	1,402,358
Number of visitors to nature centers/interpretive sites	850,000	925,000	890,000
Number of Stream Team members	40,820	47,800	52,300
Number of people receiving hunter certification	33,685	32,700	30,249
Number of stream and lake motor boat accesses	252	305	304
Number of outdoor education center users	79,180	93,820	104,809
Number of youth participating in youth-only hunts	10,470	32,227	44,048

Fiscal Year 2006 Governor's Recommendations

- \$1,774,200 Conservation Commission Fund for increased program costs.
- \$1,016,918 Conservation Commission Fund for increased health insurance costs.
- \$474,360 Conservation Commission Fund for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$703,078 Conservation Commission Fund for pay plan.

DEPARTMENT OF ECONOMIC DEVELOPMENT

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Business Development and Trade	\$ 23,751,965	\$ 37,558,801	\$ 43,080,749	\$ 42,815,781
Information Technology	0	0	0	6,616,027
Community Development	40,274,639	41,190,341	41,018,601	45,185,844
Workforce Development	90,419,057	124,271,211	124,271,211	123,601,398
Division of Tourism	14,615,735	17,832,811	17,832,811	17,832,811
Affordable Housing	6,244,822	4,981,667	4,940,942	4,941,304
Financial Institution Safety and Soundness	5,503,363	5,969,837	5,968,705	5,900,917
Utility Regulation	15,398,289	19,431,534	19,430,968	19,535,514
Professional Registration	10,618,178	14,400,472	14,303,454	13,646,842
Administrative Services	6,818,068	11,175,640	11,212,764	6,489,406
DEPARTMENTAL TOTAL	\$ 213,644,116	\$ 276,812,314 *	\$ 282,060,205	\$ 286,565,844
General Revenue Fund	37,004,001	44,195,819	44,338,151	48,334,391
Federal Funds	128,514,544	163,389,259	163,261,784	163,506,782
Other Funds	48,125,571	69,227,236	74,460,270	74,724,671
Full-time equivalent employees	1,276.73	1,466.66	1,465.66	1,465.66

* Does not include \$1,080,000 recommended in the Fiscal Year 2005 Supplemental Appropriations, including \$80,000 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Economic Development supplemental appropriations.

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$286.6 million for the Department of Economic Development. The Department provides services to Missourians and businesses to facilitate economic success. Core functions provided by the Department of Economic Development include:

- Facilitating location identification, expansion, retention or start-up of businesses to help create and retain high-quality employment opportunities.
- Administering tax credit programs designed to assist with business recruitment and workforce training.
- Oversight and regulation of financial institutions, public utility companies, and 39 professional licensing entities to ensure Missourians receive reliable and safe services.

Promoting Economic Development and Job Creation

Under Governor Blunt, job creation and retention will be a chief focus of state government. Governor Blunt will be hands-on and aggressive in implementing his economic vision for the state and attracting and retaining high-quality, family-supporting jobs. Such an aggressive approach is desperately needed because Missouri has lost tens of thousands of jobs in recent years while other states' economies have rebounded. From 2001 to 2002, Missouri lost more than 50,000 jobs, which was tenth worst in the nation.

The Department of Economic Development will play a key role in turning Missouri's economy around. Missouri has lost jobs to neighboring states because they have tax environments that are more hospitable, regulatory environments that are fairer, schools that are more effective, and safer and better-maintained transportation infrastructure. These states, however, have also gained jobs because their economic development agencies and state governments have done a significantly better job than ours of identifying economic development tools needed to attract and retain businesses and employing those tools in an efficient and effective manner. Governor Blunt will undergo a comprehensive review of Missouri's tax credit programs to ensure that they are accomplishing the desired goals, and that those goals are still relevant in today's fast-moving global economy. Under Governor Blunt, the Department of Economic Development will serve as an innovative, effective, and valued partner with Missouri job creators, resulting in a healthier economy and more high-quality, family-supporting jobs.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
BUSINESS DEVELOPMENT AND TRADE**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Business Services Programs	\$ 7,106,442	\$ 12,974,862	\$ 18,231,842
Missouri Job Development Fund	8,583,939	8,583,939	8,583,939
Missouri Community College New Jobs Training	8,061,584	16,000,000	16,000,000
TOTAL	\$ 23,751,965	\$ 37,558,801	\$ 42,815,781
PERSONAL SERVICE			
General Revenue Fund	1,232,895	1,502,788	1,424,578
Federal Funds	46,335	219,884	222,083
Department of Economic Development Administrative Fund	0	89,338	90,231
Missouri Job Development Fund	241,418	336,894	340,263
EXPENSE AND EQUIPMENT			
General Revenue Fund	1,895,256	2,178,558	2,018,391
Federal Funds	157	6,974	5,924
Department of Economic Development Administrative Fund	0	25,600	25,308
International Promotions Revolving Fund	37,000	73,988	71,226
Missouri Job Development Fund	54,171	88,389	81,389
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	12,178,299	12,235,375	11,735,375
Federal Funds	0	2,200,000	2,200,000
Department of Economic Development Administrative Fund	0	2,600,000	2,600,000
Missouri Community College Job Training Program Fund	8,061,584	16,000,000	16,000,000
International Promotions Revolving Fund	4,850	1,012	1,012
Missouri Community College Job Retention Training Program	0	0	6,000,000
Juneteenth Heritage and Jazz Festival Fund	0	1	1
TOTAL	\$ 23,751,965	\$ 37,558,801	\$ 42,815,781
General Revenue Fund	15,306,450	15,916,721	15,178,344
Federal Funds	46,492	2,426,858	2,428,007
Department of Economic Development Administrative Fund	0	2,714,938	2,715,539
Missouri Community College Job Training Program Fund	8,061,584	16,000,000	16,000,000
International Promotions Revolving Fund	41,850	75,000	72,238
Missouri Job Development Fund	295,589	425,283	421,652
Missouri Community College Job Retention Training Program	0	0	6,000,000
Juneteenth Heritage and Jazz Festival Fund	0	1	1
Full-time equivalent employees	41.02	54.20	51.70

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS DEVELOPMENT AND TRADE (Continued)

BUSINESS SERVICES PROGRAMS

Division of Business Development and Trade – The Division of Business Development and Trade works in cooperation with communities to facilitate the location, expansion, or retention of businesses in Missouri in order to create or retain high-quality jobs, increase new private capital investment, and increase the state/local tax base. The division also facilitates the increase of wealth for Missouri businesses by developing and increasing sales opportunities for Missouri products and services through direct marketing opportunities in key foreign markets.

The division facilitates the following: business finance, research and marketing, trade promotion, international relations, business development, and houses the Missouri Film Commission.

Business Finance coordinates all of the business financing tools to assist with the expansion and location of a business in Missouri. Research and Marketing is responsible for the collection and analysis of competitive intelligence, as well as the conversion of data and information into various marketing materials designed to increase Missouri's value as a globally attractive business location. Trade Promotion organizes trade promotion events and provides counseling to companies interested in exporting. International Relations focuses on the integration of international programs throughout the state. Business Development and Trade oversees a series of state programs and networks with other organizations in Missouri to assist technology-based companies, including the Missouri Manufacturing Extension Partnership Program, the Innovation Center Program, and the Missouri Technology Corporation. The Missouri Film Commission promotes Missouri as an attractive location for film, television, video, and cable production projects.

Missouri Development Finance Board – The board administers a range of financing programs for Missouri businesses, local governments, and state agencies. The board issues industrial revenue bonds or notes, provides market rate or low-interest loans and grants to political subdivisions and public infrastructure improvements, and grants tax credits against certain state income taxes in exchange for contributions made to the board.

Fiscal Year 2006 Governor's Recommendations

- \$6,000,000 other funds for implementation of the Job Retention Training Program created by SB 1155 (2004).
- \$20,567 for pay plan, including \$14,106 general revenue.
- (\$351,486) for one-time expenditures.
- (\$272,184) and (one) staff in core reduction from the Fiscal Year 2005 appropriation level.
- (\$104,382) and (1.5) staff reallocated to the Community Development and Administrative Services divisions.
- (\$35,535) reallocated for information technology resources that will be administered by the Office of Administration, including (\$24,431) general revenue.

MISSOURI JOB DEVELOPMENT FUND

The Missouri Job Development Fund allows the state to provide training to new and expanding businesses. Funding is also used to retrain employees of existing businesses to prevent plant shutdowns through both direct training and increasing employee skills.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI COMMUNITY COLLEGE NEW JOBS TRAINING

Created by Sections 178.892-178.896, RSMo, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$25,550 for pay plan, including \$7,201 general revenue.
- \$6,590,477 and 60.16 staff reallocated from various divisions, including \$798,064 general revenue.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Community Development Programs	\$ 39,804,131	\$ 39,685,003	\$ 39,436,849
Main Street Program - Transfer	0	40,590	40,590
Missouri Arts Council	470,508	1,464,748	1,463,405
Missouri Arts Council - Transfer	0	0	3,600,000
Missouri Humanities Council	0	0	45,000
Missouri Humanities Council - Transfer	0	0	600,000
TOTAL	\$ 40,274,639	\$ 41,190,341	\$ 45,185,844
PERSONAL SERVICE			
General Revenue Fund	622,504	936,225	966,932
Federal Funds	696,490	1,007,401	1,017,475
EXPENSE AND EQUIPMENT			
General Revenue Fund	249,327	210,223	214,332
Federal Funds	293,884	851,717	817,716
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	2,364,268	4,506,738	9,246,352
Federal Funds	35,679,549	31,678,035	31,678,035
Missouri Humanities Council Trust Fund	0	0	45,000
Department of Economic Development Administrative Fund	0	250,000	250,000
Youth Opportunities and Violence Prevention Fund	0	250,000	250,000
State Supplemental Downtown Development Fund	0	1	1
State Supplemental Rural Development Fund	0	1	1
Property Reuse Fund	368,617	1,500,000	700,000
TOTAL	\$ 40,274,639	\$ 41,190,341	\$ 45,185,844
General Revenue Fund	3,236,099	5,653,186	10,427,616
Federal Funds	36,669,923	33,537,153	33,513,226
Missouri Humanities Council Trust Fund	0	0	45,000
Department of Economic Development Administrative Fund	0	250,000	250,000
State Supplemental Downtown Development Fund	0	1	1
State Supplemental Rural Development Fund	0	1	1
Youth Opportunities and Violence Prevention Fund	0	250,000	250,000
Property Reuse Fund	368,617	1,500,000	700,000
Full-time equivalent employees	47.69	60.75	61.25

DEPARTMENT OF ECONOMIC DEVELOPMENT

COMMUNITY DEVELOPMENT (Continued)

The mission of the Division of Community Development is to assist Missouri's communities with planned development activities designed to achieve a better quality of life and sustainable economic growth. Businesses will locate where a workforce is available that meets their required level of skill, and educated workers will exercise a choice to locate in communities where they find it appealing to live. A community or neighborhood's quality of life is supported through Community Development programs by encouraging assessment and planning, infrastructure development, the strengthening of non-profit organizations, promoting volunteerism, and funding for infill/redevelopment projects.

COMMUNITY DEVELOPMENT PROGRAMS

Programs within the Community Development Division help communities expand their economic base and improve their quality of life. Grants and tax credits assist local governments, not-for-profits, and developers by providing financing necessary for projects to achieve financial feasibility or projects that target assisting low- and moderate-income families. Typical project activities include housing, infrastructure, facilities, local planning, and direct services to individuals such as life skills, youth programming, and volunteerism. The new Missouri Downtown Economic Stimulus Act Program enables downtown redevelopment by supporting the cost of public infrastructure improvements within the planned redevelopment area. The Missouri Rural Economic Stimulus Act Program provides financing to support renewable fuel production facilities and development facilities.

Fiscal Year 2006 Governor's Recommendations

- \$539,614 for current tax increment financing projects.
- \$16,992 for pay plan, including \$9,575 general revenue.
- \$45,132 and .5 staff reallocated from the Division of Business Development and Trade.
- (\$800,000) other funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$48,406) reallocated for information technology resources that will be administered by the Office of Administration, including (\$18,405) general revenue.
- (\$1,486) for one-time expenditures.

MISSOURI MAIN STREET PROGRAM TRANSFER

Sections 251.470 – 251.485, RSMo, allow for the General Assembly to appropriate funds to the Missouri Main Street Program Fund.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

MISSOURI ARTS COUNCIL

The Missouri Arts Council (MAC) provides financial assistance to non-profit organizations through grants that encourage growth, development, and appreciation of the arts in Missouri. As both a funding agency and a comptroller, MAC staff is charged with reviewing funding requests, allocating state and federal funds appropriated for arts programs, monitoring the expenditures of those funds, and providing technical and professional assistance to grantees.

A number of programs provided by the MAC stimulate and support the arts. Program assistance is provided in specific arts discipline areas, including dance, media arts, music, theatre, visual arts, arts services, community arts, folk arts, minority arts, touring, mini-grants, and arts education. The Community Arts Program provides support to non-metropolitan, community-based cultural organizations and agencies of local government that offer programs in more than one arts discipline and foster long-term cultural development of a community. The Folk Arts Program supports projects that perpetuate and present the folk arts of the state. The Minority Arts Program focuses on supporting multicultural groups that serve minority communities through grants and technical assistance. The Arts Education Program provides support for Artists-in-Residence, School Touring, Arts in the Curriculum, Professional Development, and Out of School programs. Program assistance awards provide seed money on a matching basis to not-for-profit applicants throughout Missouri.

Fiscal Year 2006 Governor's Recommendations

- \$2,657 federal funds for pay plan.
- (\$4,000) federal funds reallocated for information technology resources that will be administered by the Office of Administration.

DEPARTMENT OF ECONOMIC DEVELOPMENT

COMMUNITY DEVELOPMENT (Continued)

MISSOURI ARTS COUNCIL TRANSFER

Section 143.183, RSMo, allows for the transfer of 60 percent of state income tax revenues for nonresident, professional athletes and entertainers to the Missouri Arts Council Trust Fund.

Fiscal Year 2006 Governor's Recommendations

- \$3,600,000 transferred to the Missouri Arts Council Trust Fund pursuant to Section 143.183, RSMo.

MISSOURI HUMANITIES COUNCIL

The Missouri Humanities Council (MHC) is the state affiliate of the National Endowment for the Humanities. The MHC's mission is to help citizens of Missouri learn about our history, literature, and the ideas that shape our democracy. MHC programs help communities understand and celebrate a shared history and assist local institutions in developing the capacity to engage the public in lifelong learning activities. The MHC also provides on-site consulting to help local museums and cultural institutions organize ideas.

Fiscal Year 2006 Governor's Recommendations

- \$45,000 other funds for Missouri Humanities Council projects sponsored by local heritage institutions and organizations.

MISSOURI HUMANITIES COUNCIL TRANSFER

Section 143.183, RSMo, allows for the transfer of ten percent of state income tax revenues for nonresident, professional athletes and entertainers to the Missouri Humanities Council Trust Fund.

Fiscal Year 2006 Governor's Recommendations

- \$600,000 transferred to the Missouri Humanities Council Trust Fund pursuant to Section 143.183, RSMo.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
WORKFORCE DEVELOPMENT**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Workforce Development Administration	\$ 19,167,504	\$ 24,206,939	\$ 23,917,749
Workforce Programs	71,012,180	99,787,961	99,409,961
Women's Council	55,613	60,311	57,688
Special Employment Security Fund	183,760	216,000	216,000
TOTAL	\$ 90,419,057	\$ 124,271,211	\$ 123,601,398
PERSONAL SERVICE			
General Revenue Fund	37,417	6,200	6,262
Federal Funds	14,390,241	19,475,442	19,617,219
Child Support Enforcement Collections Fund	141,792	178,812	180,600
EXPENSE AND EQUIPMENT			
General Revenue Fund	18,196	85,019	85,019
Federal Funds	4,472,368	7,278,796	6,465,356
Child Support Enforcement Collections Fund	18,955	18,955	18,955
Special Employment Security Fund	183,760	216,000	216,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	1,369,684	1,900,544	1,900,544
Federal Funds	69,433,263	94,741,260	94,741,260
Child Support Enforcement Collections Fund	353,381	370,183	370,183
TOTAL	\$ 90,419,057	\$ 124,271,211	\$ 123,601,398
General Revenue Fund	1,425,297	1,991,763	1,991,825
Federal Funds	88,295,872	121,495,498	120,823,835
Child Support Enforcement Collections Fund	514,128	567,950	569,738
Special Employment Security Fund	183,760	216,000	216,000
Full-time equivalent employees	461.68	560.72	559.72

DEPARTMENT OF ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT (Continued)

The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high-quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service (i.e., Wagner-Peyser) Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Job Service also assists employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs. The Job Service Program is federally funded and administered by the Division of Workforce Development. These funds are targeted toward all Missourians who are changing careers, looking for their first job, unemployed, economically disadvantaged, school dropouts, and dislocated workers.

WORKFORCE DEVELOPMENT ADMINISTRATION

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are targeted toward the economically disadvantaged, Temporary Assistance for Needy Families' recipients, school dropouts, and dislocated workers.

Fiscal Year 2006 Governor's Recommendations

- \$195,721 federal and other funds for pay plan.
- (\$484,911) federal funds and (one) staff reallocated for information technology resources that will be administered by the Office of Administration.

WORKFORCE PROGRAMS

The mission of the federal Workforce Investment Act Program is to serve Missourians by providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Worker programs, Temporary Assistance for Needy Families Program, Missouri Employment and Training Program, and Parent's Fair Share Program. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local workforce investment areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local workforce investment area programs comply with Workforce Investment Act financial and program requirements.

Fiscal Year 2006 Governor's Recommendations

- (\$378,000) federal funds reallocated for information technology resources that will be administered by the Office of Administration.

WOMEN'S COUNCIL

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs. The council works to increase occupational mobility in lower- and middle-employment levels, provides access to jobs with higher skill and managerial duties, promotes small business opportunities, and provides access to non-traditional skills through apprenticeships and vocational training. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

Fiscal Year 2006 Governor's Recommendations

- \$358 for pay plan, including \$62 general revenue.
- (\$2,981) federal funds reallocated for information technology resources that will be administered by the Office of Administration.

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

TOURISM

The Division of Tourism promotes Missouri's tourist destinations and attractions with multi-media campaigns and direct marketing, a web site, vacation guides, public relations efforts, and a cooperative marketing program. The Division of Tourism also operates six tourism welcome centers located at key entry points near the state's borders. Beginning in Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism oriented goods and services.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

AFFORDABLE HOUSING

Missouri Housing Development Commission – The Missouri Housing Development Commission (MHDC) was established in 1969 to assist in the creation of housing for low- and moderate-income people of Missouri. Section 215.020, RSMo, states: "There is hereby created and established as a governmental instrumentality of the State of Missouri the Missouri Housing Development Commission which shall constitute a body corporate and public."

The MHDC generates affordable rental housing through a variety of funding sources, including its own fund balances, the state's allocation of federal funds, its authority to issue tax-exempt and taxable bonds, and state and federal housing tax credits. The MHDC offers programs for qualified first-time homebuyers, as well as funds for home repairs to aid in the prevention of homelessness.

Manufactured Housing Program – The Manufactured Housing Program resides within the Public Service Commission. The program is responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units, prescribing and enforcing uniform construction and safety standards by conducting code inspections, addressing consumer complaints, and enforcing set-up and tie-down requirements. There are 173 registered manufacturers and 296 registered manufactured housing dealers operating in Missouri. Modular unit sales have more than doubled during the past year. Modular units include residential homes, commercial and industrial units, and modular unit classrooms.

Fiscal Year 2006 Governor's Recommendations

- \$3,362 other funds for pay plan.
- (\$40,725) other funds for one-time expenditures.
- (\$3,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

FINANCIAL INSTITUTION SAFETY AND SOUNDNESS

Division of Credit Unions – The Division of Credit Unions is statutorily responsible for the examination, supervision, and regulation of all state-chartered credit unions to determine the financial condition and management practices of each credit union and to correct unsound practices or violation of law or regulation.

Division of Finance – The Division of Finance has regulatory oversight authority of activities involving state-chartered banks, trust companies, savings and loan associations, and residential mortgage brokers. The division is responsible for licensing and examining various consumer credit outlets including payday lenders, title loan companies, premium finance companies, and sales finance operations for compliance with the laws concerning truth-in-lending, disclosures, rates, fees, insurance, and refunding. The division also licenses money order companies and receives/resolves complaints about consumer credit transactions.

Fiscal Year 2006 Governor's Recommendations

- \$49,194 other funds for pay plan.
- (\$116,982) other funds and (one) staff reallocated for information technology resources that will be administered by the Office of Administration.
- (\$1,132) other funds transferred to the statewide leasing budget.

DEPARTMENT OF ECONOMIC DEVELOPMENT

UTILITY REGULATION

Office of Public Counsel – The Office of the Public Counsel is the state's consumer advocate involved in matters of utility ratemaking and regulation. Attorneys and technical staff analyze utility rate cases and provide testimony and cross-examination in hearings held before the Public Service Commission (PSC). The Public Counsel also has the right to appeal PSC cases through the court system.

Public Service Commission – The PSC regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water and sewer utilities, and the safety of rural electric cooperatives and municipal gas systems. The commission is divided into six sections: executive, adjudication, administration, general counsel, utility operations, and utility services. Additionally, the Missouri PSC oversees the administration of the Relay Missouri service in the state. Relay Missouri provides deaf, hard-of-hearing, and speech-impaired citizens access to the telephone network and is funded through a monthly, per-line surcharge.

The Executive Section includes the five commissioners, who are appointed by the Governor with advice and consent of the Senate. The commission's statutory responsibilities include hearing cases and issuing reports and orders. The section also includes an executive director -- the PSC's chief operations officer responsible for the overall administrative functions and the policy direction of the staff, the public information and education department, and the legislative coordinator. The public information and education department develops and distributes press and consumer information on current PSC activities, develops educational pieces for distribution, maintains the PSC Reports, and deals with other media requests. The legislative coordinator is the PSC's primary liaison with the Missouri General Assembly and also assists with education and consumer relation activities.

The Adjudication Section is the PSC's quasi-judicial section. A staff of eight regulatory law judges handles the cases from filing to resolution. The judges preside over hearings; rule on objections and motions; and draft all orders, as directed by the commission, for a particular case. The Adjudication Section also contains the commission's data center. This section accepts all pleadings, tariffs, and other case-related documents; issues the certified orders of the commission; and maintains the permanent case files of the commission.

The Administration Section is responsible for managing the commission's fiscal, personnel, and information resources. This section oversees budget development, strategic planning, budget and fiscal services, procurement, staff services, consumer services, human resources, payroll, information services, and training functions for the agency. The consumer services unit receives, investigates, and responds to consumer complaints to ensure compliance with commission rules and regulations and utility company tariffs.

The Office of General Counsel represents the commission and staff in all matters relating to Missouri utility regulation. Its duties consist of assisting and advising agency staff in the preparation and filing of evidence in legal proceedings and preparing and presenting legal arguments in appearances before the commission, state and federal courts, and administrative tribunals. The office provides legal defense of all commission orders or decisions and also legal advice, upon request, to the commission and each commissioner. As directed or authorized by the commission, the office intervenes in utility-related proceedings and prosecutes civil enforcement actions against utilities on behalf of the state, representing the commission pursuant to PSC statutes or other laws.

The Utility Operations Section is comprised of four units: telecommunications, energy, water and sewer, and manufactured housing. It supports the commission in meeting its statutory responsibilities by providing technical expertise in energy safety, utility rates, tariffs, rules and regulations, economic analysis, engineering oversight and investigations, and construction inspections. The section accomplishes its mission by making recommendations to the commission in the form of expert testimony and formal recommendations.

The Utility Services Section consists of five units that support the commission by providing expertise in the areas of utility accounting, auditing, engineering, finance, management, and natural gas procurement. Section members audit, examine, analyze, and/or review the books and records of the utilities providing service to Missouri. These employees express their conclusions and findings in the form of expert testimony and recommendations filed with the commission. The section is also responsible for investigating and responding to consumer complaints and making recommendations to the commission regarding their resolution.

Fiscal Year 2006 Governor's Recommendations

- \$104,996 for pay plan, including \$6,419 general revenue.
- (\$566) other funds transferred to the statewide leasing budget.
- (\$450) reallocated for information technology resources that will be administered by the Office of Administration.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
PROFESSIONAL REGISTRATION**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administration	\$ 3,785,747	\$ 4,993,814	\$ 4,388,013
State Board of Accountancy	363,744	438,546	430,075
State Board of Architects, Engineers, and Land Surveyors	559,312	740,781	718,797
State Board of Barber Examiners	21,612	39,271	38,871
State Board of Chiropractic Examiners	78,331	151,052	150,052
State Board of Cosmetology	235,959	259,418	254,418
Missouri Dental Board	450,628	603,214	602,604
State Board of Embalmers and Funeral Directors	71,366	149,634	142,434
State Board of Registration for the Healing Arts	2,035,249	2,517,394	2,422,129
State Board of Nursing	1,132,745	1,860,220	1,849,490
State Board of Optometry	26,545	42,604	42,054
State Board of Pharmacy	906,059	1,310,961	1,313,481
State Board of Podiatric Medicine	10,721	21,681	20,681
Missouri Real Estate Commission	892,345	1,160,786	1,164,147
Missouri Veterinary Medical Board	47,815	111,096	109,596
TOTAL	\$ 10,618,178	\$ 14,400,472	\$ 13,646,842
PERSONAL SERVICE			
Board Funds	4,158,317	4,860,131	5,022,682
Professional Registration Fees Fund	2,612,320	3,015,799	2,766,908
EXPENSE AND EQUIPMENT			
Board Funds	2,674,114	4,546,527	4,236,147
Professional Registration Fees Fund	1,173,427	1,978,015	1,621,105
TOTAL	\$ 10,618,178	\$ 14,400,472	\$ 13,646,842
Board Funds	6,832,431	9,406,658	9,258,829
Professional Registration Fees Fund	3,785,747	4,993,814	4,388,013
Full-time equivalent employees	225.24	225.60	219.60

DEPARTMENT OF ECONOMIC DEVELOPMENT

PROFESSIONAL REGISTRATION (Continued)

The Division of Professional Registration provides administrative support services to the 39 licensing entities (boards, commissions, committees, offices, and councils) that have been statutorily assigned to the division. The mission of the division is to serve and protect the public by providing an accessible, responsible, and accountable regulatory system to ensure that Missouri consumers benefit from competent practitioners. Each licensing entity licenses qualified professionals by ensuring that minimum requirements have been met. In addition, each entity must also appropriately enforce standards through the inspection of facilities and the investigation of complaints.

Fiscal Year 2006 Governor's Recommendations

ADMINISTRATION

- \$27,397 other funds for pay plan.
- (\$633,198) other funds and (six) staff reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF ACCOUNTANCY

- \$2,529 other funds for pay plan.
- (\$11,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, AND LAND SURVEYORS

- \$3,405 other funds for pay plan.
- (\$25,389) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF BARBER EXAMINERS

- (\$400) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF CHIROPRACTIC EXAMINERS

- (\$1,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF COSMETOLOGY

- (\$5,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

MISSOURI DENTAL BOARD

- \$2,016 other funds for attorney fees and expenses.
- \$3,374 other funds for pay plan.
- (\$6,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

- (\$7,200) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF REGISTRATION FOR THE HEALING ARTS

- \$12,000 other funds for attorney fees and expenses.
- \$16,274 other funds for pay plan.
- (\$111,034) other funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$12,505) other funds reallocated for information technology resources that will be administered by the Office of Administration.

DEPARTMENT OF ECONOMIC DEVELOPMENT

PROFESSIONAL REGISTRATION (Continued)

STATE BOARD OF NURSING

- \$9,270 other funds for pay plan.
- (\$20,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF OPTOMETRY

- (\$550) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF PHARMACY

- \$6,520 other funds for pay plan.
- (\$4,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

STATE BOARD OF PODIATRIC MEDICINE

- (\$1,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

MISSOURI REAL ESTATE COMMISSION

- \$8,361 other funds for pay plan.
- (\$5,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.

MISSOURI VETERINARY MEDICAL BOARD

- (\$1,500) other funds reallocated for information technology resources that will be administered by the Office of Administration.

ADMINISTRATIVE SERVICES

The Administrative Services Division provides direction and guidance to the department. Through policy development, legislative coordination, communications (public information) and research, the efforts of the divisions are aligned toward achieving improved performance for its customers.

The Administrative Services Division also provides centralized support services, including establishment and maintenance of financial systems, management information systems, personnel functions, budget and planning, and mail services. Administrative Services also provides legal assistance, facilities management, and telecommunications services for divisions within the department.

Fiscal Year 2006 Governor's Recommendations

- \$46,412 for pay plan, including \$8,877 general revenue.
- \$59,250 and one staff reallocated from the Division of Business Development and Trade.
- (\$4,769,770) and (52.16) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$754,778) general revenue.
- (\$14,000) for one-time expenditures.
- (\$8,126) transferred to the statewide leasing budget.

DEPARTMENT OF INSURANCE

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Administration	\$ 5,772,653	\$ 6,455,680	\$ 6,510,080	\$ 5,846,243
Information Technology Consolidation	0	0	0	759,166
Market Conduct and Financial Examinations	6,212,027	7,229,252	7,229,252	7,231,026
Health Insurance Counseling	272,210	650,000	650,000	650,000
DEPARTMENTAL TOTAL	\$ 12,256,890	\$ 14,334,932	\$ 14,389,332	\$ 14,486,435
Federal Funds	272,210	450,000	450,000	450,000
Insurance Examiners Fund	6,212,027	7,229,252	7,229,252	7,281,026
Department of Insurance Dedicated Fund	5,772,653	6,655,680	6,710,080	6,755,409
Full-time equivalent employees	207.82	218.50	218.50	218.50

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$14.5 million for the Department of Insurance. The department protects Missouri consumers through oversight of the insurance industry. The core functions provided by the Department of Insurance include:

- Promoting a competitive marketplace to ensure affordable insurance is available to Missourians.
- Providing outreach and educational assistance to aid consumers in making informed purchasing decisions.

Fiscal Year 2006 Governor's Recommendations

- \$54,400 other funds to permit quarterly redemption of tax credits.
- \$102,103 other funds for pay plan.
- \$753,727 other funds and 13 staff reallocated from various divisions for information technology resources that will be administered by the Office of Administration.
- (\$753,727) other funds and (13) staff reallocated for information technology resources.
- (\$5,000) other funds core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Department Administration	\$ 11,234,625	\$ 18,324,012	\$ 16,066,111	\$ 15,418,986
Information Technology	0	0	0	1,838,791
Industrial Commission	817,302	910,797	910,797	916,492
Division of Labor Standards	2,141,708	2,915,757	2,915,757	2,866,638
Division of Workers' Compensation	78,094,917	76,318,714	86,260,610	86,288,786
Division of Employment Security	32,542,184	57,655,014	57,617,816	56,876,901
Governor's Council on Disability	2,304,188	0	0	0
State Board of Mediation	128,127	122,434	126,434	123,850
Commission on Human Rights	1,790,732	1,949,529	1,969,183	1,979,729
DEPARTMENTAL TOTAL	\$ 129,053,783	\$ 158,196,257	\$ 165,866,708	\$ 166,310,173
General Revenue Fund	2,958,825	2,661,426	2,976,790	2,999,906
Federal Funds	42,273,080	62,564,793	60,408,140	60,731,167
Deaf Relay Service and Equipment				
Distribution Program Fund	1,344,292	0	0	0
Tort Victims' Compensation Fund	4,876,788	157,756	157,756	158,184
Workers' Compensation Fund	11,150,926	12,873,623	12,122,909	12,216,929
Second Injury Fund	57,457,281	57,900,000	66,900,000	66,900,000
Crime Victims' Compensation Fund	6,561,458	6,478,576	7,472,830	7,476,133
Child Labor Enforcement Fund	28,660	200,000	200,000	200,000
Special Employment Security Bond				
Proceeds Fund	0	0	1	1
Special Employment Security Fund	2,402,473	15,360,083	15,628,282	15,627,853
Full-time equivalent employees	1,040.18	1,184.41	1,184.41	1,184.41

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides \$166.3 million for the Department of Labor and Industrial Relations. The department provides services for Missouri employees and employers that help provide safe and healthy workplaces and ensure economic security. The core functions provided by the Department of Labor and Industrial Relations include:

- Processing and awarding payment of compensation to those who are unemployed, injured at work, or victims of crime.
- Assuring safe and healthy workplaces for Missouri employees through on-site inspections that identify hazards to be corrected in the workplace.
- Enforcing anti-discrimination laws and promoting equal access to jobs for all Missourians.

Some of the performance measures the Department of Labor and Industrial Relations uses to monitor its success follow:

	2002	2003	2004
Number of job-related accidents, illnesses, and fatalities	155,333	141,844	131,691
Amount of unemployment benefits returned to the economy (millions)	\$644.3	\$726.0	\$674.0
Amount of fines avoided by Missouri businesses (millions)	\$3.6	\$3.9	\$3.1

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

POLICY SUMMARY (Continued)

Ensuring Economic Security

In order to ensure economic security for all Missourians, the department maintains a comprehensive and complex system that provides Missourians with financial benefits when they become unemployed through no fault of their own, are injured on the job, or become a victim of crime. To ensure continued economic security for Missourians, the Governor recommends:

- \$9 million Second Injury Fund to ensure all eligible claimants are compensated in cases where a prior injury is made worse by a current work-related injury or the employer does not have workers' compensation coverage. This brings the total appropriation of Second Injury Fund to \$66.9 million.
- \$1 million Crime Victims' Compensation Fund to compensate crime victims for costs incurred as a direct result of a violent crime.
- \$1 Special Employment Security Fund on an open-ended basis to cover expenses if the Board of Unemployment Fund Financing, created by HB 1268 & 1211 (2004), issues bonds to repay debts to the federal government for funds advanced to Missouri's Unemployment Insurance Trust Fund. The Board has the authority to issue up to \$450 million. Employers will be assessed the amounts necessary to pay principal, interest, and administrative expenses for the bonds.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DEPARTMENT ADMINISTRATION

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and information services.

Fiscal Year 2006 Governor's Recommendations

- \$290,126 for realignment of the federal cost allocation plan.
- \$44,439 for pay plan, including \$2,760 general revenue.
- \$400,000 federal funds reallocated to realign the core budget.
- \$5,904 federal and other funds reallocated from various divisions for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$2,953,931) federal and other funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$691,564) federal funds and (eight) staff reallocated for information technology resources that will be administered by the Office of Administration.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$3,380 federal funds for pay plan.
- \$1,835,411 and eight staff reallocated from various divisions, including \$12,148 general revenue.

DIVISION OF LABOR AND INDUSTRIAL RELATIONS COMMISSION

The three-member Labor and Industrial Relations Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage cases, victims of crime compensation cases, and tort victims' compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions. The commission's opinions are subject to review by the judiciary. The commission is also charged with the statutory authority to approve or disapprove all rules or regulations promulgated by the divisions within the department.

Fiscal Year 2006 Governor's Recommendations

- \$7,761 for pay plan, including \$75 general revenue.
- (\$2,066) federal and other funds reallocated for information technology resources that will be administered by the Office of Administration.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides safety and health training classes for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work and annually thereafter. The division provides on-site safety and health consultations to businesses and industrial facilities by qualified professional consultants to identify serious hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these consultations upon employer requests.

Fiscal Year 2006 Governor's Recommendations

- \$20,929 for pay plan, including \$10,315 general revenue.
- (\$70,048) reallocated for information technology resources that will be administered by the Office of Administration, including (\$8,048) general revenue.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability promotes full participation of the nearly one million Missourians with disabilities in all aspects of community life by educating employers, employees, local and state governments, persons with disabilities, and other interested parties of their rights and responsibilities under the Americans with Disabilities Act, Missouri Human Rights Act, and other disability rights laws.

The Missouri Assistive Technology Council supports access to adaptive devices that increase the independence and productivity of Missourians with all types of disabilities. The council provides adaptive telecommunications devices and computer adaptations, short-term loan of a full range of assistive technology, used equipment exchange, and low interest loans for the purchase of assistive technology and home modifications.

Fiscal Year 2006 Governor's Recommendations

The Council was transferred to the Office of Administration in Fiscal Year 2005.

STATE BOARD OF MEDIATION

The State Board of Mediation is a quasi-judicial board created by an act of the General Assembly in 1947 to mediate public utility disputes. Since 1967, the board has been charged with the responsibility of determining appropriate bargaining units of public employees, based upon their community of interest. It also conducts secret ballot elections to determine exclusive bargaining agent status. The board retains the authority to mediate disputes in the area of public utilities regarding wages and working conditions.

Fiscal Year 2006 Governor's Recommendations

- \$4,000 for training at the National Judicial College.
- \$1,035 for pay plan.
- (\$3,619) reallocated for information technology resources that will be administered by the Office of Administration.

MISSOURI COMMISSION ON HUMAN RIGHTS

The statutory mandate of the Missouri Commission on Human Rights (MCHR) is to prevent and eliminate discrimination as prohibited by the Missouri Human Rights Act. The act requires the MCHR to receive, investigate, and resolve complaints of alleged discrimination in the areas of housing, employment, and public accommodations due to race, color, religion, national origin, ancestry, sex, disability, or age (in employment only) and familial status (in housing only). Through its education and outreach program the MCHR reduces intergroup conflict and discourages illegal discrimination.

Fiscal Year 2006 Governor's Recommendations

- \$17,027 for pay plan, including \$8,931 general revenue.
- \$21,238 transferred from the statewide leasing budget.
- (\$6,481) reallocated for information technology resources that will be administered by the Office of Administration, including (\$481) general revenue.
- (\$1,584) federal funds reallocated to department administration for payment of overtime to nonexempt employees as required by HB 1548 (2004).

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administration	\$ 8,470,247	\$ 9,693,447	\$ 9,682,029
Second Injury Benefits	57,457,281	57,900,000	66,900,000
Crime Victims' Administration	269,475	425,267	406,757
Crime Victims' Compensation Benefits	7,032,913	8,200,000	9,200,000
Tort Victims' Compensation Payments	4,865,001	100,000	100,000
DIVISIONAL TOTAL	\$ 78,094,917	\$ 76,318,714	\$ 86,288,786
PERSONAL SERVICE			
Tort Victims' Compensation Fund	11,084	42,756	43,184
Workers' Compensation Fund	7,505,299	8,100,404	8,224,028
Crime Victims' Compensation Fund	205,027	295,609	298,262
EXPENSE AND EQUIPMENT			
Federal Funds	0	50,000	50,000
Tort Victims' Compensation Fund	703	15,000	15,000
Workers' Compensation Fund	903,161	1,432,649	1,297,263
Second Injury Fund	475,056	0	5,000
Crime Victims' Compensation Fund	64,448	101,558	80,311
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	756,467	2,212,671	2,212,671
Tort Victims' Compensation Fund	4,865,001	100,000	100,000
Second Injury Fund	56,982,225	57,900,000	66,895,000
Crime Victims' Compensation Fund	6,276,446	5,987,329	6,987,329
FUND TRANSFERS			
Federal Funds	0	5,526	5,526
Workers' Compensation Fund	50,000	50,000	50,000
Unemployment Compensation Fund	0	25,022	25,022
Crime Victims' Compensation Fund	0	190	190
TOTAL	\$ 78,094,917	\$ 76,318,714	\$ 86,288,786
Federal Funds	756,467	2,268,197	2,268,197
Tort Victims' Compensation Fund	4,876,788	157,756	158,184
Workers' Compensation Fund	8,458,460	9,583,053	9,571,291
Unemployment Compensation Fund	0	25,022	25,022
Second Injury Fund	57,457,281	57,900,000	66,900,000
Crime Victims' Compensation Fund	6,545,921	6,384,686	7,366,092
Full-time equivalent employees	170.56	184.75	184.75

DIVISION OF WORKERS' COMPENSATION - ADMINISTRATION

The Division of Workers' Compensation processes all reports of job-related injuries and formal claims for compensation filed with the division under the "Missouri Workers' Compensation Law." The division also resolves disputed issues between an employee and employer/insurer through mediation and/or evidentiary hearings conducted by its administrative law judges and/or legal advisors. The division administers the rehabilitation of seriously injured workers, resolves disputes concerning the reasonableness of medical fees and charges, helps employers and insurers develop safety programs, reviews and approves applications by employers or group trusts for self-insurance authority, and investigates allegations of workers' compensation fraud and noncompliance.

Fiscal Year 2006 Governor's Recommendations

- \$82,072 other funds for pay plan.
- (\$57,600) other funds core reduction from the Fiscal Year 2005 level.
- (\$35,386) other funds reallocated for information technology resources that will be administered by the Office of Administration.
- (\$504) other funds reallocated to department administration for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF WORKERS' COMPENSATION (Continued)

SECOND INJURY FUND

The Second Injury Fund is designed to compensate an injured employee when a current work-related injury combines with any prior injury that creates an increased combined disability. The basic concept is "the whole is greater than the sum of its part." For example, if an injured employee has a 15 percent disability from the current work-related injury and a 15 percent disability from the prior injury, and the combined disability is 40 percent, the fund pays for the increased disability. The fund is also responsible for payment of medical bills for injured employees when the employer fails to insure its workers' compensation liability. In addition, if the employee is killed, burial expenses and death benefits in the form of weekly payments to the surviving spouse or dependents of the employee are paid from the fund. The fund also provides benefits to injured employees undergoing physical rehabilitation. For injuries taking place after August 28, 1998, the fund also provides second job lost wage benefits.

Fiscal Year 2006 Governor's Recommendations

- \$9,000,000 other funds for increased payments.

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime, which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2006 Governor's Recommendations

- \$2,737 other funds for pay plan.
- (\$21,247) other funds reallocated for information technology resources that will be administered by the Office of Administration.

CRIME VICTIMS' COMPENSATION

The Crime Victims' Compensation Program processes and awards benefits to eligible victims of violent crimes. Crime victims' compensation benefits are available to individuals who, through no fault of their own, find themselves victimized by violent crimes. Since benefits are only paid to recover expenditures made or wages lost as a result of their victimization, benefit recipients do not profit from the criminal violation. State funding to pay benefits is derived from a combination of court fees assessed in criminal cases and fines levied against individuals convicted of criminal activity. Federal grant dollars are also awarded based on the state's prior year expenditure for benefits.

Fiscal Year 2006 Governor's Recommendations

- \$1,000,000 Crime Victims' Compensation Fund for increased payments.

TORT VICTIMS' COMPENSATION

The Tort Victims' Compensation Fund provides benefits to individuals who have received a final monetary judgment in a civil case but who have been unable to collect all, or part of, the judgment entered against the defendant. Funding is provided from the Tort Victims' Compensation Fund. The fund's exclusive revenue source is 50 percent of all punitive damage awards entered in civil cases in Missouri. Of this amount, 74 percent is used to pay victims of torts.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF EMPLOYMENT SECURITY**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administration	\$ 24,745,773	\$ 35,416,793	\$ 34,744,108
Special Employment Security Fund	2,306,221	15,238,221	15,132,792
Employment and Training Payments	5,490,190	7,000,000	7,000,000
Board of Unemployment Fund Financing Bond Proceeds	0	0	1
DIVISIONAL TOTAL	\$ 32,542,184	\$ 57,655,014	\$ 56,876,901
PERSONAL SERVICE			
Federal Funds	19,664,503	26,454,268	26,715,938
Special Employment Security Fund	86,453	457,258	461,829
EXPENSE AND EQUIPMENT			
Federal Funds	4,778,301	8,962,525	7,878,170
Special Employment Security Fund	2,219,400	14,780,963	14,669,963
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	5,793,159	7,000,000	7,150,000
Special Employment Security Fund	368	0	1,001
TOTAL	\$ 32,542,184	\$ 57,655,014	\$ 56,876,901
Federal Funds	30,235,963	42,416,793	41,744,108
Special Employment Security Fund	2,306,221	15,238,221	15,132,793
Full-time equivalent employees	610.20	732.71	732.71

DIVISION OF EMPLOYMENT SECURITY - ADMINISTRATION

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

Fiscal Year 2006 Governor's Recommendations

- \$264,514 federal funds for pay plan.
- (\$900,000) federal funds reallocated for information technology resources that will be administered by the Office of Administration.
- (\$34,355) federal funds transferred to the statewide leasing budget.
- (\$2,844) federal funds reallocated to department administration for payment of overtime to nonexempt employees as required by HB 1548 (2004).

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, which includes refunds of overcollected interest and penalties and administrative expenses of the division not covered by the federal grant. The fund may also be used to acquire suitable office space for the division. Section 288.128, RSMo, provides for federal interest assessments on Title XII advances to the Unemployment Trust Fund to be deposited into this fund until payment to the federal government is made.

Fiscal Year 2006 Governor's Recommendations

- \$4,571 other funds for pay plan.
- (\$105,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.
- (\$5,000) other funds core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF EMPLOYMENT SECURITY (Continued)

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U.S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

BOARD OF UNEMPLOYMENT FUND FINANCING

The Board of Unemployment Fund Financing has authority to borrow up to \$450 million in credit instruments or financial agreements to fund the Unemployment Compensation Trust Fund in accordance with Sections 288.310, 288.330, and 288.128, RSMo.

Fiscal Year 2006 Governor's Recommendations

- \$1 other funds on an open-ended basis for payment of debt service on outstanding bonds.

DEPARTMENT OF PUBLIC SAFETY

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 31,732,308	\$ 40,459,047	\$ 34,809,047	\$ 35,150,547
Information Technology	0	0	0	2,070,118
Capitol Police	1,350,719	1,420,185	1,470,685	1,427,622
State Highway Patrol	148,509,523	199,517,489	208,212,700	207,290,027
State Water Patrol	5,739,944	7,228,536	7,420,846	7,111,501
Division of Alcohol and Tobacco Control	2,792,960	3,379,946	3,379,946	3,259,759
Division of Fire Safety	2,611,372	2,958,560	3,171,483	3,105,232
Missouri Veterans' Commission	50,262,361	62,055,576	66,779,315	63,208,820
Missouri Gaming Commission	16,940,512	21,465,766	23,425,110	23,535,323
Adjutant General	78,376,589	39,670,168	40,113,266	39,089,364
DEPARTMENTAL TOTAL	\$ 338,316,288	\$ 378,155,273 *	\$ 388,782,398	\$ 385,248,313
General Revenue Fund	42,252,445	45,507,763	71,034,545	62,232,660
Federal Funds	98,628,735	87,377,775	72,517,234	72,632,220
Gaming Commission Fund	17,481,227	22,575,352	24,784,895	24,725,822
Missouri Veterans' Homes Fund	40,114,231	46,863,889	30,532,598	33,356,948
State Highways and Transportation				
Department Fund	118,017,010	141,424,224	154,882,212	155,327,486
Other Funds	21,822,640	34,406,270	35,030,914	36,973,177
Full-time equivalent employees	4,608.47	4,865.36	4,858.36	4,889.36

* Does not include \$3,190,997 in Fiscal Year 2005 Supplemental Appropriations, including \$1,622,769 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Public Safety supplemental appropriations.

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides \$385.2 million for the Department of Public Safety. The department is charged with protecting the people of Missouri from crime and other dangers. The department provides citizens with round-the-clock service on land, water, and by air. The core functions provided by the Department of Public Safety include:

- Enforcing laws on state roads and waterways.
- Combating the manufacturing and sale of illegal drugs.
- Supporting local law enforcement agencies.
- Assisting victims of crime and crime victim advocacy organizations, such as domestic violence shelters.
- Promoting fire safety.
- Deterring underage consumption of alcohol and tobacco.
- Preparing for and responding to disasters.
- Maintaining National Guard units at a high state of readiness so they are prepared to respond when called to active duty.
- Providing assistance, care, and burial for veterans.
- Regulating riverboat gaming.

Governor Blunt has directed departments to reduce administrative costs by developing more efficient ways to provide public services.

DEPARTMENT OF PUBLIC SAFETY

POLICY SUMMARY (Continued)

Enhancing Public Safety

Governor Blunt is committed to equipping the Department of Public Safety and local law enforcement with the tools needed to protect Missourians from crime. Under Governor Blunt's leadership, the department will enhance the security of the state's most vital assets. The Governor recommends the following measures to assist law enforcement in ensuring the general safety of the public:

- \$1.6 million DNA Profiling Analysis Fund and four staff to implement the DNA All Felon Program pursuant to SB 1000 (2004). This program is expected to reduce the number of unsolved crimes dramatically by obtaining DNA samples of all felons in state custody and comparing them to the DNA database.
- \$1.4 million State Highways and Transportation Department Fund to service and replace Highway Patrol in-car video systems that record information used for evidence and training purposes.
- \$1.3 million Highway Patrol Vehicle and Aircraft Revolving Fund to upgrade Highway Patrol vehicle safety features including side impact airbags and fire suppression systems for the vehicles.
- \$966,900 federal and other funds to automate driver examination tests throughout the state. This will improve system integrity, reduce fraud, and capture photo images to prevent false identification, which will strengthen efforts to prevent terrorist acts.
- \$763,236 federal funds and 20 staff for the Missouri Aviation Classification and Repair Activity Depot (AVCRAD) in Springfield. This shop is one of four nationwide and is responsible for aircraft maintenance for National Guard units in 14 states.
- \$150,000 Fire Education Fund for firefighter and emergency response training programs pursuant to SB 1196 (2004).
- \$122,282 Elevator Safety Fund and two staff to protect citizens from negligent amusement ride operators pursuant to HB 1403 (2004).

Caring for Veterans

Missourians have served with distinction in the armed forces of our nation, placing their lives at risk in order to preserve our freedom. The Veterans Commission Capital Improvement Trust Fund, designed to support veterans' homes and veterans' cemeteries, is on the brink of serious financial difficulty. The expenses of the seven veterans' homes have exceeded revenues generated by the homes, while the operating costs of the veterans' homes continue to increase. In order for the fund to remain solvent, additional financial support is required. Governor Blunt recommends the following measures to continue services that are the critical links in the support chain for Missouri veterans:

- \$13.8 million to ensure stable funding for residential care services in the veterans' homes.
- \$2.9 million for increased pharmaceutical costs at veterans' homes.

The following are some performance measures the Department of Public Safety uses to evaluate the degree to which residents of veterans' homes are satisfied with the quality of care provided:

	2002	2003	2004
Resident satisfaction survey – St. James Home	91%	94%	95%
Resident satisfaction survey – Mexico Home	87%	88%	92%
Resident satisfaction survey – Mt. Vernon Home	92%	92%	96%
Resident satisfaction survey – St. Louis Home	77%	85%	84%
Resident satisfaction survey – Cameron Home	89%	88%	83%
Resident satisfaction survey – Cape Girardeau Home	95%	95%	96%
Resident satisfaction survey – Warrensburg Home	92%	89%	90%

DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE DIRECTOR/CRIMINAL JUSTICE PROGRAMS UNIT

The Director's Office provides the central budgeting, finance, and personnel control to ensure efficient use of available resources. Staff members plan, review, and evaluate programs to coordinate the state's public safety and law enforcement efforts and to promote cooperation among local, state, and federal agencies. In addition, the criminal justice programs unit oversees the implementation of programs relating to juvenile justice, domestic violence, peace officer standards, witness protection, forensic laboratories, narcotics control, and crime victims assistance.

Fiscal Year 2006 Governor's Recommendations

- \$216,000 for operating costs of the Missouri Southern State University-Joplin Crime Laboratory.
- \$5,000 Anti-terrorism Fund for terrorism prevention activities.
- \$16,226 for pay plan, including \$10,830 general revenue.
- \$292,523 and four staff reallocated from the Office of the Adjutant General for homeland security.
- (\$5,650,000) federal and other funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$188,249) and (two) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$163,074) general revenue.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$90,264 for computer equipment at veterans' homes.
- \$5,050 Elevator Safety Fund for equipment for amusement ride inspections.
- \$3,424 federal funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$8,017 for pay plan, including \$4,347 general revenue.
- \$1,963,363 and 21.50 staff reallocated for information technology resources that will be administered by the Office of Administration, including \$663,834 general revenue.

CAPITOL POLICE

The Capitol Police are responsible for security at the Capitol and other facilities occupied by state agencies throughout Jefferson City.

Fiscal Year 2006 Governor's Recommendations

- \$13,189 for pay plan.
- (\$5,752) reallocated for information technology resources that will be administered by the Office of Administration.

HIGHWAY PATROL

ADMINISTRATION

This section includes the administrative, planning, fiscal, and support activities of the Highway Patrol.

Fiscal Year 2006 Governor's Recommendations

- \$241,295 State Highways and Transportation Department Fund for pay plan.
- \$118,558 State Highways and Transportation Department Fund reallocated from other Highway Patrol divisions.
- (\$4,715,910) reallocated to other Highway Patrol divisions, including (\$571,434) general revenue.

DEPARTMENT OF PUBLIC SAFETY

HIGHWAY PATROL (Continued)

FRINGE BENEFITS

Employer retirement contributions, health insurance, and workers' compensation insurance for Highway Patrol employees are paid by the state in a separate appropriation made for those purposes. The amount of the retirement payment is determined by the Board of Trustees of the Highway Employees' and Highway Patrol Retirement System.

Fiscal Year 2006 Governor's Recommendations

- \$4,591,624 for fringe benefit increases, including \$410,103 general revenue.
- \$1,484,605 reallocated from other Highway Patrol divisions, including \$180,175 general revenue.
- (\$14,040) other funds core reduction from the Fiscal Year 2005 appropriation level.

ENFORCEMENT

The primary activity of this section is the patrolling of more than 122,000 miles of public roadways to ensure the safe and orderly flow of traffic. The Patrol also performs undercover investigations, assists local law enforcement agencies, provides access to the Missouri Uniform Law Enforcement System, performs criminal background checks, and maintains a statewide system of commercial motor vehicle weigh stations.

Fiscal Year 2006 Governor's Recommendations

- \$5,255,028 federal and other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$1,352,735 State Highways and Transportation Department Fund for in-car video systems.
- \$1,311,600 Highway Patrol Motor Vehicle and Aircraft Revolving Fund to upgrade vehicle safety features.
- \$814,168 for fuel cost increases, including \$75,557 general revenue.
- \$600,000 federal funds to enhance drug eradication efforts across the state.
- \$498,243 Highway Patrol Motor Vehicle and Aircraft Revolving Fund to replace patrol vehicles.
- \$229,876 federal drug seizure funds to replace general revenue.
- \$152,000 federal funds for motor vehicle crash data collection.
- \$150,828 Criminal Record System Fund and five staff to expedite criminal history checks.
- \$138,760 Highway Patrol Traffic Records Fund and .5 staff to support traffic record applications.
- \$4,128,829 for pay plan, including \$535,295 general revenue.
- \$3,057,106 reallocated from other Highway Patrol divisions, including \$387,047 general revenue.
- (\$1,470,851) federal and other funds core reduction for one-time expenditures.
- (\$235,476) core reduction from the Fiscal Year 2005 appropriation level, including (\$229,876) general revenue.

CRIME LABORATORY

The Missouri State Highway Patrol Crime Laboratory is a nationally accredited crime lab system that provides state of the art forensic science services to all local, state, and federal law enforcement agencies. Services provided include the forensic specialties of controlled substance, DNA, trace evidence, firearms, toolmarks, toxicology, and latent fingerprint examination.

Fiscal Year 2006 Governor's Recommendations

- \$1,644,398 DNA Profiling Analysis Fund and four staff to implement the DNA All Felon Program.
- \$788,649 for pay plan, including \$170,038 general revenue.
- \$4,212 reallocated from other Highway Patrol divisions.
- (\$645,000) federal and other funds core reduction for one-time expenditures.

LAW ENFORCEMENT ACADEMY

The academy provides basic training to police officers in all agencies outside St. Louis and Jackson counties. The academy also provides administrative and specialized training to police officers from all counties.

Fiscal Year 2006 Governor's Recommendations

- \$87,405 federal and other funds for pay plan.
- \$48,250 State Highways and Transportation Department Fund reallocated from various Highway Patrol divisions.

DEPARTMENT OF PUBLIC SAFETY

HIGHWAY PATROL (Continued)

VEHICLE AND DRIVER SAFETY

This section evaluates drivers and vehicles to identify and remove those unfit to be on Missouri roadways. Over 4,900 inspection stations and approximately 23,300 inspector mechanics throughout the state are supervised. The section also maintains over 140 driver examination stations throughout the state.

Fiscal Year 2006 Governor's Recommendations

- \$966,900 federal and other funds to automate driver examination tests.
- \$111,701 State Highways and Transportation Department Fund for pay plan.
- (\$312,779) State Highways and Transportation Department Fund reallocated to various Highway Patrol divisions.

TECHNICAL SERVICES

This section develops and processes comprehensive criminal offender data, traffic record data, and administrative data. The database is used to respond to inquiries and for analysis of the criminal justice and traffic systems to plan for effective law enforcement. This section also operates the statewide Missouri Uniform Law Enforcement System (MULES).

Fiscal Year 2006 Governor's Recommendations

- \$50,084 Criminal Record System Fund for Automated Fingerprint Identification System maintenance.
- \$116,201 for pay plan, including \$3,923 general revenue.
- \$315,958 federal and other funds reallocated from other Highway Patrol divisions.
- (\$13,012,291) federal and other funds core reduction for one-time expenditures.
- (\$46,760) State Highways and Transportation Department Fund and (.5) staff in core reduction from the Fiscal Year 2005 appropriation level.
- (\$33,368) State Highways and Transportation Department Fund transferred to the statewide leasing budget.

STATE WATER PATROL

The primary task of the State Water Patrol is to ensure that Missouri citizens and tourists enjoy state waterways in safety through enforcement of water safety laws. This is accomplished by patrolling 626,081 acres of recreational waters in the state. Water Patrol officers provide boating safety education, boat inspection services, and enforce state and federal laws relating to water safety.

Fiscal Year 2006 Governor's Recommendations

- \$33,044 federal drug seizure funds to replace general revenue.
- \$8,091 federal funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$49,094 for pay plan, including \$45,815 general revenue.
- (\$120,246) and (one) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$50,246) general revenue.
- (\$44,896) federal funds core reduction for one-time expenditures.
- (\$42,122) core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF ALCOHOL AND TOBACCO CONTROL

The Division of Alcohol and Tobacco Control administrative staff review all liquor license applications and reported liquor and tobacco violations. The staff develops facts regarding reported violations in pre-hearing conferences and formal hearings before the supervisor, and, depending on the outcome of hearings, issues citations.

The audit and collection staff reviews beer, wine, and liquor transactions to ensure that all revenues due to the state are collected. The program also ensures fair competition among liquor wholesalers by monitoring actual prices charged for various classes and types of beverages against price schedules for such products.

The enforcement program ensures that liquor licenses are issued only to qualified applicants on approved premises. Agents conduct inspections and investigate complaints received on violations of alcohol and tobacco control laws. Reports are filed with local authorities and the supervisor of Alcohol and Tobacco Control for review and appropriate action.

Fiscal Year 2006 Governor's Recommendations

- \$26,081 for pay plan, including \$22,192 general revenue.
- (\$146,268) and (two) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$114,408) general revenue.

DIVISION OF FIRE SAFETY

Division of Fire Safety staff investigates the causes of fires and explosions. Investigators assist in case development and, when necessary, work with local law enforcement authorities to prosecute persons accused of arson. Inspection activities concentrate on fire prevention evaluations. Inspectors evaluate nursing homes that are used for state mental health patients, patient care facilities operated by the Department of Mental Health, day care facilities licensed by the state, senior citizen nutrition and recreation centers, and other public facilities. The division also administers a Public Boiler and Pressure Vessel Safety Inspection Program, conducts fireworks industry inspections, and provides firefighter training throughout the state.

Fiscal Year 2006 Governor's Recommendations

- \$150,000 Fire Education Fund for contracted firefighter training.
- \$117,232 Elevator Safety Fund and two staff for amusement ride inspections.
- \$10,673 other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$21,741 for pay plan, including \$17,480 general revenue.
- (\$107,547) other funds core reduction for one-time expenditures.
- (\$45,427) and (one) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$44,375) general revenue.

MISSOURI VETERANS' COMMISSION

The commission has four components: administration, which oversees programs and maintains central files; the Missouri veterans' homes at St. James, Mexico, Mt. Vernon, Cape Girardeau, St. Louis, Cameron, and Warrensburg, which care for Missouri veterans; the Missouri veterans' cemeteries at Higginsville, Springfield, Jacksonville, and Bloomfield; and the Service to Veterans' Program, which assists veterans in applying for U.S. Veterans Administration pensions and other benefits.

Fiscal Year 2006 Governor's Recommendations

- \$13,709,736 to continue services at veterans homes statewide.
- \$2,866,463 for increased pharmaceutical costs at veterans homes.
- \$421,440 for pay plan, including \$107,677 general revenue.
- (\$13,800,000) Missouri Veterans' Homes Fund core reduction from the Fiscal Year 2005 appropriation level.
- (\$1,021,655) and (10) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$95,579) general revenue.
- (\$1,005,991) core reduction for one-time expenditures.
- (\$16,749) transferred to the statewide leasing budget, including (\$2,889) general revenue.

DEPARTMENT OF PUBLIC SAFETY

GAMING COMMISSION

Senate Bill 10 (1993) established the Gaming Commission, which was granted regulatory authority over riverboat gambling and bingo. The five members of the Gaming Commission are appointed by the Governor with the advice and consent of the Senate.

Fiscal Year 2006 Governor's Recommendations

- \$939,432 Gaming Commission Fund for fringe benefit increases.
- \$645,680 Gaming Commission Fund for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$484,445 Gaming Commission Fund for pay plan.

ADJUTANT GENERAL

ADMINISTRATION

This section provides administrative support for the Missouri National Guard, including the functions of command communication, logistical assistance, finance, and budgeting. The Adjutant General is the military chief of staff to the commander-in-chief (Governor). The Adjutant General is also the administrative head of the military forces, which include Army and Air National Guard elements assigned to the state by the federal government.

Fiscal Year 2006 Governor's Recommendations

- \$11,000 Missouri National Guard Trust Fund for repairs to the World War I monument in Cheppy, France.
- \$33,703 federal drug seizure funds to replace general revenue.
- \$12,967 for pay plan.
- (\$267,523) and (four) staff reallocated to the Office of the Director of Public Safety.
- (\$67,502) core reduction from the Fiscal Year 2005 appropriation level.
- (\$47,684) and (.5) staff reallocated for information technology resources that will be administered by the Office of Administration.

NATIONAL GUARD TRUST FUND PROGRAM

HB 1519 (1998) established the Missouri National Guard Trust Fund and permitted income tax check-off contributions to be deposited in the fund. Grants, gifts, and bequests may also be deposited in the fund. In the absence of specific requirements attached to fund donations, the Office of the Adjutant General may, subject to appropriation, expend the funds for any lawful purpose in support of the Guard.

Fiscal Year 2006 Governor's Recommendations

- \$26,621 Missouri National Guard Trust Fund for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$10,306 Missouri National Guard Trust Fund for pay plan.
- \$5,050,153 Missouri National Guard Trust Fund and 42.40 staff reallocated from other Adjutant General divisions.
- (\$47,312) Missouri National Guard Trust Fund and (one) staff reallocated for information technology resources that will be administered by the Office of Administration.

TUITION ASSISTANCE

In return for service to the state, the Missouri National Guard offers a variety of benefits for its members. The tuition assistance program provides reimbursement for higher education tuition and fees to Guard members who meet certain qualifications pursuant to law.

Fiscal Year 2006 Governor's Recommendations

- (\$2,762,400) Missouri National Guard Trust Fund reallocated to the National Guard Trust Fund Program.

DEPARTMENT OF PUBLIC SAFETY

ADJUTANT GENERAL (Continued)

MILITARY HONORS PROGRAM

The Guard provides public recognition of the sacrifices made by veterans through the Military Honors Program, providing burial details with appropriate military honors for veterans upon request.

Fiscal Year 2006 Governor's Recommendations

- (\$2,287,753) National Guard Trust Fund and (42.40) staff reallocated to the National Guard Trust Fund Program.

KOREAN CONFLICT MEDALLION PROGRAM

The Korean Conflict Medallion Program was established in 2003 and consists of a medal, medallion, and certificate. All awards are expected to be made during Fiscal Year 2005.

Fiscal Year 2006 Governor's Recommendations

- (\$818,593) Veterans' Commission Capital Improvement Trust Fund and (four) staff in core reduction from the Fiscal Year 2005 appropriation level.

FIELD SUPPORT

The field support section supports the operational needs of Missouri National Guard facilities located throughout the state. This section includes maintenance and operation of 63 armories and 629 buildings in 66 Missouri communities.

Fiscal Year 2006 Governor's Recommendations

- \$87,386 for utility costs, including \$61,386 general revenue.
- \$8,019 for pay plan.

CONTRACT SERVICES

This section provides funding for contractual agreements between the federal and state government related to maintenance and security of National Guard installations.

Fiscal Year 2006 Governor's Recommendations

- \$763,236 federal funds and 20 staff to open the new helicopter maintenance shop in Springfield.
- \$538,210 federal and other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$167,360 federal and other funds for maintenance and supplies at Rosecrans Field in St. Joseph.
- \$96,442 for pay plan, including \$5,800 general revenue.
- (\$85,362) reallocated for information technology resources that will be administered by the Office of Administration, including (\$9,862) general revenue.

OFFICE OF AIR SEARCH AND RESCUE

The Office of Air Search and Rescue provides emergency services utilizing the efforts of professionally trained pilots, communications specialists, and emergency support personnel. The office works in cooperation with state and federal agencies, the Civil Air Patrol, and public and private hospitals to provide emergency services, rescue operations, mercy missions, aerial observations, and emergency communications to anyone in immediate need of these specialized services.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF PUBLIC SAFETY

STATE EMERGENCY MANAGEMENT AGENCY

The State Emergency Management Agency develops policies and procedures that help protect citizens in times of disaster. The agency is charged with the task of preparing and periodically updating plans to manage and control the state's resources in emergency situations. Once disaster strikes, the agency administers federal assistance to disaster areas and coordinates efforts to aid individuals, protect property, and restore essential utilities and structures. A state emergency operations center also is maintained to serve as the control center for state government should emergency situations arise.

Fiscal Year 2006 Governor's Recommendations

- \$11,217 federal and other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$24,511 for pay plan, including \$13,883 general revenue.
- (\$568,820) core reduction for one-time expenditures, including (\$142,205) general revenue.
- (\$255,408) and (four) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$132,854) general revenue.
- (\$185,482) and (three) staff in core reduction from the Fiscal Year 2005 appropriation level.
- (\$25,000) reallocated to the Office of the Director of Public Safety.
- (\$3,096) federal funds transferred to the statewide leasing budget.

DEPARTMENT OF CORRECTIONS

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 75,351,892	\$ 80,854,071	\$ 81,387,783	\$ 74,510,821
Information Technology	0	0	0	7,361,214
Division of Human Services	10,347,123	11,907,824	11,840,822	11,775,118
Division of Adult Institutions	236,818,842	253,826,702	258,114,392	260,351,236
Division of Offender Rehabilitative Services	130,402,237	147,863,142	152,806,504	152,641,761
Board of Probation and Parole	75,021,580	79,530,680	86,670,044	82,379,532
DEPARTMENTAL TOTAL	\$ 527,941,674	\$ 573,982,419 *	\$ 590,819,545	\$ 589,019,682
General Revenue Fund	492,485,349	523,395,862	539,958,942	538,036,406
Federal Funds	4,784,942	7,813,835	8,139,981	8,162,175
Working Capital Revolving Fund	27,562,582	38,304,326	38,252,226	38,342,454
Inmate Revolving Fund	3,067,265	4,203,796	4,203,796	4,214,047
Crime Victims' Compensation Fund	41,400	0	0	0
Correctional Substance Abuse Earnings Fund	136	264,600	264,600	264,600
Full-time equivalent employees	12,054.43	11,706.39	11,815.89	11,723.89

* Does not include \$1,399,411 recommended in the Fiscal Year 2005 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Corrections supplemental appropriations.

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$589 million for the Department of Corrections. The Department provides secure facilities for segregating criminals and promotes a safe reintegration of former offenders into lawful society. The core functions provided by the Department of Corrections promote the safety of Missourians through:

- Confinement of offenders who require incarceration.
- Supervision of offenders who have served their terms and are being reintroduced back into society.
- Supervision of offenders who have been assigned probation in the community.
- Rehabilitation of both incarcerated and community-supervised offenders.

Maintaining Public Safety

During the last five fiscal years, Missouri's inmate population expanded by 11 percent. Therefore, the Department of Corrections is actively taking steps to improve management of the offender population in a manner that reduces incarceration costs while still maintaining public safety. Over 90 percent of imprisoned offenders are eventually released to return to society. Unfortunately, those offenders who commit technical violations while on parole or probation have become a significant driver of prison population growth. In the past, the only option available to respond to that type of violation was incarceration, even though it is not necessarily the best option for handling all offenders, both in terms of effectiveness and cost. To create a safe, effective, and efficient alternative to traditional incarceration, the Department of Corrections was able to secure federal funding for construction of several community supervision centers throughout Missouri. Community supervision centers will:

- Serve to reintegrate formerly incarcerated rural offenders in their own communities instead of urban areas where they will have little or no social support and no long-term employment prospects.
- Provide a supervised transitional environment from incarceration to community life.
- Provide the training and education that is vital to a successful, law-abiding life.
- Provide enhanced supervision for offenders who require it.
- Provide a supervised alternative to institutional incarceration for low-level probation and parole violators.
- Provide community-based, closely supervised, substance abuse treatment and oversight for offenders.

Community supervision centers serve several functions that will both support successful community supervision and provide a safe alternative to universal institutional incarceration for minor supervision violations. These centers also offer a much less expensive alternative to building new prisons. Construction of a new prison can easily cost more than one hundred million dollars and the cost of supervising an offender in a prison is nearly ten times greater than doing so in the community. To support the department's efforts to manage the prison population more effectively, Governor Blunt recommends \$2.6 million to open community supervision centers in Farmington, St. Joseph, and Hannibal.

DEPARTMENT OF CORRECTIONS

POLICY SUMMARY (Continued)

Offenders must be prepared to live within the rules of a lawful society if they are to be eventually released. Some performance measures the Department of Corrections uses to evaluate its efforts at holding offenders accountable follow:

	2002	2003	2004
Percentage of incarcerated offenders with a High School Diploma or GED	63%	59%	60%
Percentage of incarcerated offenders testing positive for substance abuse	2.2%	2.1%	1.9%
Percentage of probationers/parolees testing positive for substance abuse	22.9%	23.2%	24.4%
Percentage of offenders under community supervision who are employed at a rate consistent with their local community	76.38%	74.29%	73.54%
Number of community service hours completed by offenders	349,566	377,565	380,183

**DEPARTMENT OF CORRECTIONS
OFFICE OF THE DIRECTOR**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Office of the Director (Staff)	\$ 2,950,164	\$ 3,489,772	\$ 3,220,178
Federal Programs	4,335,062	7,313,834	7,709,301
Fuel and Utilities	22,020,840	22,143,388	22,143,388
Fuel and Utilities/Board of Public Buildings	2,568,750	3,366,074	3,366,074
Food Purchases	24,325,926	24,888,476	24,888,476
Public School Retirement	0	1	1
Population Growth Pool	10,518,171	10,076,767	9,716,731
Information Systems	5,837,276	6,285,612	176,525
Telecommunications	2,795,703	3,290,147	3,290,147
TOTAL	\$ 75,351,892	\$ 80,854,071	\$ 74,510,821
PERSONAL SERVICE			
General Revenue Fund	9,356,218	11,690,202	9,270,231
Federal Funds	1,710,156	2,219,425	2,241,618
EXPENSE AND EQUIPMENT			
General Revenue Fund	60,116,611	59,593,635	55,324,889
Federal Funds	3,074,786	5,594,409	5,917,683
Working Capital Revolving Fund	928,697	1,756,400	1,756,400
Crime Victims' Compensation Fund	41,400	0	0
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	124,024	0	0
TOTAL	\$ 75,351,892	\$ 80,854,071	\$ 74,510,821
General Revenue Fund	69,596,853	71,283,837	64,595,120
Federal Funds	4,784,942	7,813,834	8,159,301
Working Capital Revolving Fund	928,697	1,756,400	1,756,400
Crime Victims' Compensation Fund	41,400	0	0
Full-time equivalent employees	363.46	212.53	154.24

The director of the Department of Corrections provides guidance, coordination, and control of the four departmental divisions: Human Services, Adult Institutions, Offender Rehabilitative Services, and the Board of Probation and Parole. The Office of the Director consists of the Director's Office, the Deputy Director's Office, Public Information, Office of Constituent Services, and Legal Services.

Fiscal Year 2006 Governor's Recommendations

- \$4,624,422 for the Inmate Growth Pool.
- \$376,146 federal funds for additional program capacity.
- \$68,192 for pay plan, including \$45,998 general revenue.
- \$325,156 and six staff reallocated from the Division of Adult Institutions.
- \$50,000 reallocated from the Division of Human Services.
- (\$5,000,001) reallocated to the Division of Adult Institutions for compensatory time payments, including (\$5,000,000) general revenue.
- (\$6,243,685) and (54.79) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$6,240,813) general revenue.
- (\$488,980) and (two) staff reallocated to the Division of Offender Rehabilitative Services.
- (\$54,500) and (7.5) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$4,500) general revenue.

DEPARTMENT OF CORRECTIONS

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$207,740 to bring the criminal record-keeping system into compliance with federal security requirements.
- \$25,482 for pay plan, including \$25,050 general revenue.
- \$7,127,992 and 56.79 staff reallocated for information technology resources that will be administered by the Office of Administration, including \$6,858,274 general revenue.

DIVISION OF HUMAN SERVICES

The Division of Human Services consists of Training, Employee Health and Safety, Human Resources, Budget and Planning, Fiscal Management, General Services, and Religious and Spiritual programs. Training is responsible for training new staff and upgrading training for present staff. Employee Health and Safety consists of activities involving infectious disease control, wellness programs, and other items that relate to employee morale and well-being. Human Resources coordinates hiring, promotions, and discipline in all four divisions to ensure that professional and equitable treatment is available to all employees. Budget and Planning ensures that long- and short-term budgetary and strategic planning needs are identified and addressed. Fiscal management carries out the department's day-to-day financial operations. General Services coordinates food and construction services. Chaplains and volunteers are supervised by Religious and Spiritual programs. Department-wide appropriations centralized at this level include inmate fund programs, fuel and utilities, food, inmate wage and discharge program, security staff, the institutional expense and equipment pool, and federal programs.

Fiscal Year 2006 Governor's Recommendations

- \$89,662 for pay plan, including \$85,690 general revenue.
- \$6,000 reallocated from the Division of Adult Institutions.
- (\$155,366) and (one) staff reallocated for information technology resources that will be administered by the Office of Administration.
- (\$50,000) reallocated to the Office of the Director.
- (\$23,002) and (one) staff reallocated to the Division of Adult Institutions, including (\$23,000) general revenue.

**DEPARTMENT OF CORRECTIONS
DIVISION OF ADULT INSTITUTIONS**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Central Office	\$ 1,630,101	\$ 2,175,357	\$ 6,511,849
Wage and Discharge Costs	3,709,162	3,782,646	3,782,646
Institutional E&E Pool	18,249,871	18,519,219	18,395,940
Jefferson City Correctional Center	16,324,600	16,812,873	16,875,146
Missouri State Penitentiary Operations	0	561,459	0
Central Missouri Correctional Center	6,959,164	7,960,220	7,922,580
Women's Eastern Reception & Diagnostic Correctional Center	10,091,442	11,050,877	11,263,532
Ozark Correctional Center	4,357,063	4,682,798	5,107,105
Moberly Correctional Center	10,145,089	10,891,964	11,439,403
Algoa Correctional Center	7,826,502	8,658,111	9,577,078
Missouri Eastern Correctional Center	6,358,492	6,497,184	7,340,490
Chillicothe Correctional Center	3,908,391	4,167,859	4,604,075
Boonville Correctional Center	7,602,797	8,221,249	8,793,211
Farmington Correctional Center	14,028,361	15,452,878	16,727,666
Farmington Correctional Center/ Board of Public Buildings	1,285,640	1,403,077	1,369,682
Farmington Boot Camp	644,141	0	0
Western Missouri Correctional Center	13,725,839	14,167,955	14,214,583
Potosi Correctional Center	8,827,606	9,178,658	8,932,568
Fulton Reception & Diagnostic Correctional Center	8,294,309	8,521,156	9,881,761
FRDCC/Board of Public Buildings	545,349	543,465	607,406
Tipton Correctional Center	9,555,412	10,530,227	9,835,213
Western Reception & Diagnostic Correctional Center	14,309,740	15,771,593	15,255,662
Maryville Treatment Center	5,752,467	6,384,280	5,735,369
Crossroads Correctional Center	9,737,687	10,803,826	10,896,823
Northeast Correctional Center	13,409,484	14,611,518	13,934,876
Eastern Reception & Diagnostic Correctional Center	18,666,361	20,178,140	18,859,761
South Central Correctional Center	10,198,628	11,156,384	11,317,103
Southeast Missouri Correctional Center	10,675,144	11,141,729	11,169,708
TOTAL	\$ 236,818,842	\$ 253,826,702	\$ 260,351,236
General Revenue Fund	236,079,636	252,943,479	259,459,178
Federal Funds	0	0	1
Working Capital Revolving Fund	386,935	487,056	491,927
Inmate Revolving Fund	352,271	396,167	400,130
Full-time equivalent employees	8,798.87	8,391.67	8,392.67

Fiscal Year 2006 Governor's Recommendations

- \$2,354,123 for pay plan, including \$2,345,291 general revenue.
- \$5,286,553 and nine staff reallocated from the various divisions, including \$5,286,550 general revenue.
- (\$494,117) and (two) staff transferred to the Office of Administration for caretaking of the Missouri State Penitentiary site.
- (\$391,156) and (six) staff reallocated to various divisions.
- (\$117,279) reallocated for information technology resources that will be administered by the Office of Administration.
- (\$113,590) core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF CORRECTIONS

DIVISION OF ADULT INSTITUTIONS (Continued)

Missouri Prison Population for the Month Ended December 2004

<u>Male Institutional</u>	<u>Capacity</u>	<u>Population</u>	<u>Vacancies</u>
Algoa Correctional Center	1,565	1,300	265
Boonville Correctional Center	1,256	1,046	210
Central Missouri Correctional Center (Jefferson City)	1,000	967	33
Crossroads Correctional Center (Cameron)	1,450	1,446	4
Eastern Reception/Diagnostic Correctional Center (Bonne Terre)	2,684	2,558	126
Farmington Correctional Center	2,257	2,225	32
Fulton Reception and Diagnostic Center	1,272	1,228	44
Jefferson City Correctional Center	1,708	1,548	160
Kansas City Community Release Center	300	307	(7)
Missouri Eastern Correctional Center (Pacific)	1,100	1,094	6
Moberly Correctional Center	1,800	1,755	45
Northeast Correctional Center (Bowling Green)	1,935	1,900	35
Ozark Correctional Center (Fordland)	650	643	7
Ozark Correctional Center - Camp Hawthorne	45	37	8
Potosi Correctional Center	772	768	4
South Central Correctional Center (Licking)	1,546	1,494	52
Southeast Missouri Correctional Center (Charleston)	1,546	1,508	38
St. Louis Community Release Center	500	460	40
Tipton Correctional Center	1,088	931	157
Western Missouri Correctional Center (Cameron)	1,925	1,921	4
<u>Western Reception/Diagnostic Correctional Center (St. Joseph)</u>	<u>1,339</u>	<u>1,429</u>	<u>(90)</u>
Male Institutional Total	27,738	26,565	1,173
<u>Male Treatment</u>			
Biggs Unit (Fulton)	20	3	17
Boonville Treatment Center	60	60	0
Cremer (Fulton)	180	168	12
Farmington Treatment Center	275	257	18
Maryville Treatment Center	525	524	1
Mineral Area Treatment Center	100	94	6
Jefferson City Correctional Center	288	231	57
<u>Western Regional Treatment Center</u>	<u>595</u>	<u>584</u>	<u>11</u>
Male Treatment Total	2,043	1,921	122
TOTAL MALE POPULATION	29,781	28,486	1,295
<u>Female</u>			
Biggs Unit (Fulton)	10	0	10
Chillicothe Correctional Center	525	522	3
Kansas City Community Release Center	50	31	19
St. Louis Community Release Center	50	39	11
Women's Eastern Reception and Diagnostic Correctional Center	1,776	1,885	(109)
TOTAL FEMALE POPULATION	2,411	2,477	(66)
TOTAL POPULATION	32,192	30,963	1,229

**DEPARTMENT OF CORRECTIONS
DIVISION OF OFFENDER REHABILITATIVE SERVICES**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Central Office	\$ 1,578,534	\$ 1,946,021	\$ 1,998,187
Medical Services	82,315,621	87,186,331	91,248,605
Medical Equipment	187,697	241,560	745,134
Substance Abuse Services	0	0	9,066,653
Drug Testing-Toxicology	0	0	947,280
Education Services	0	0	14,178,394
Education and Treatment Services	21,030,112	24,216,693	0
Vocational Enterprises	25,290,273	33,309,775	33,088,746
Prison Industry Enhancement	0	962,762	962,762
Re-Entry	0	0	406,000
TOTAL	\$ 130,402,237	\$ 147,863,142	\$ 152,641,761
PERSONAL SERVICE			
General Revenue Fund	13,579,340	17,510,487	15,927,265
Working Capital Revolving Fund	6,953,850	8,458,798	8,499,805
EXPENSE AND EQUIPMENT			
General Revenue Fund	90,618,417	94,103,909	100,700,537
Federal Funds	0	1	1
Working Capital Revolving Fund	19,236,994	27,525,347	27,249,553
Correctional Substance Abuse Earnings Fund	136	264,600	264,600
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	13,500	0	0
TOTAL	\$ 130,402,237	\$ 147,863,142	\$ 152,641,761
General Revenue Fund	104,211,257	111,614,396	116,627,802
Federal Funds	0	1	1
Working Capital Revolving Fund	26,190,844	35,984,145	35,749,358
Correctional Substance Abuse Earnings Fund	136	264,600	264,600
Full-time equivalent employees	656.84	764.15	722.15

Fiscal Year 2006 Governor's Recommendations

- \$4,039,762 for increased offender medical expenses.
- \$506,000 for medical equipment.
- \$241,857 for pay plan, including \$157,698 general revenue.
- \$488,980 and two staff reallocated from the Office of the Director.
- (\$406,600) and (one) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$139,754) general revenue.
- (\$52,100) other funds transferred to the statewide leasing budget.
- (\$39,280) and (one) staff reallocated to the Division of Adult Institutions.
- (42) staff core reduction from Fiscal Year 2005 appropriation level.

**DEPARTMENT OF CORRECTIONS
BOARD OF PROBATION AND PAROLE**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Probation and Parole Staff	\$ 60,947,681	\$ 63,388,961	\$ 63,386,998
St. Louis Community Release Center	3,344,625	3,743,628	3,842,899
Kansas City Community Release Center	1,946,071	2,259,845	2,349,942
Community Supervision Centers	0	0	2,580,329
Community-Based Corrections Programs	8,783,203	10,138,246	10,219,364
TOTAL	\$ 75,021,580	\$ 79,530,680	\$ 82,379,532
PERSONAL SERVICE			
General Revenue Fund	60,637,210	63,640,929	65,501,417
Inmate Revolving Fund	248,272	308,401	311,485
EXPENSE AND EQUIPMENT			
General Revenue Fund	11,941,713	12,465,594	13,450,874
Inmate Revolving Fund	2,194,385	3,115,756	3,115,756
TOTAL	\$ 75,021,580	\$ 79,530,680	\$ 82,379,532
General Revenue Fund	72,578,923	76,106,523	78,952,291
Inmate Revolving Fund	2,442,657	3,424,157	3,427,241
Full-time equivalent employees	2,385.76	2,053.88	2,115.88

The Board of Probation and Parole provides a full range of supervision strategies to manage offenders who are on probation and parole. These strategies combine appropriate structure, control, treatment, and intervention to address the risk and needs of offenders in the community. In addition to supervision of offenders, staff provides assessments and investigations for the courts, parole board, and other states. These assessments and investigations assist the judges and parole board in making informed and appropriate decisions on cases before them. Through professional assessment and supervision, the board is able to identify and deliver a continuum of necessary services to address a complex offender population. The board also manages a range of alternatives, including community sentencing, the house arrest program, intensive supervision, and halfway houses.

Fiscal Year 2006 Governor's Recommendations

- \$2,580,329 and 69 staff for start up and operation of Community Supervision Centers.
- \$637,855 for pay plan, including \$634,771 general revenue.
- \$60,000 reallocated from the Division of Adult Institutions.
- (\$224,270) and (seven) staff reallocated to the Division of Adult Institutions.
- (\$205,062) reallocated for information technology resources that will be administered by the Office of Administration.

DEPARTMENT OF MENTAL HEALTH

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 38,521,253	\$ 44,198,119	\$ 55,911,860	\$ 47,101,050
Information Technology	0	0	0	10,406,083
Division of Alcohol and Drug Abuse	79,632,735	116,358,040	103,038,786	90,977,127
Division of Comprehensive Psychiatric Services	339,411,406	379,853,651	379,820,038	361,911,072
Division of Mental Retardation and Developmental Disabilities	400,242,008	432,668,179	459,635,688	405,237,966
DEPARTMENTAL TOTAL	\$ 857,807,402	\$ 973,077,989	\$ 998,406,372 *	\$ 915,633,298
General Revenue Fund	502,633,401	521,575,544	531,749,450	480,696,656
Federal Funds	323,198,393	415,464,229	431,188,784	399,453,519
Mental Health Intergovernmental Transfer Fund	8,859,074	10,000,000	11,000,000	11,000,000
General Revenue Reimbursements Fund	1,765,496	4,544,329	0	0
Compulsive Gamblers Fund	277,136	454,188	454,188	454,550
Health Initiatives Fund	5,655,035	5,969,395	5,831,159	5,833,291
Mental Health Earnings Fund	3,665,222	3,715,800	3,715,800	3,716,735
Healthy Families Trust Fund - Health Care Account	2,077,681	2,077,681	2,040,168	2,040,168
Healthy Families Trust Fund - Tobacco Prevention Account	300,000	300,000	300,000	300,000
Mental Health Trust Fund	9,375,964	8,976,823	12,126,823	12,138,379
Full-time equivalent employees	9,772.07	9,378.96	9,417.21	8,399.50

* Does not include \$500,000 recommended in the Fiscal Year 2005 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Mental Health supplemental appropriations.

POLICY SUMMARY

Governor Blunt's budget for Fiscal Year 2006 provides \$915.6 million for the Department of Mental Health. The primary focus for the department is to provide effective, consumer-friendly services to Missourians challenged by substance addiction, mental illness, and developmental disabilities. Core services provided by the Department of Mental Health include:

- Providing substance abuse prevention, education, intervention, and treatment. The Division of Alcohol and Drug Abuse strives to have a positive impact on the problems that are associated with substance abuse and other addictions – problems that cost the state's economy in lost productivity, health care expenditures, and crime.
- Offering prevention, evaluation, treatment, and rehabilitation services for individuals and families requiring public mental health services. One in four families in Missouri is affected by mental illness. While many persons with mental illnesses seek and obtain treatment from private health care providers, more than 70,000 people each year turn to the Department of Mental Health's Division of Comprehensive Psychiatric Services. The division also operates forensic and sexual violent predator programs that protect the public from those clients committed to state facilities by the courts.
- Improving the lives of persons with developmental disabilities – those who are substantially limited in their ability to function independently. The Division of Mental Retardation and Developmental Disabilities has a commitment to build partnerships that support individuals with developmental disabilities and their families in meeting their own unique needs. This is accomplished through a person-centered planning process designed to provide programs and services, enabling clients to live in the safest, least restrictive setting given their individual needs and capabilities.

DEPARTMENT OF MENTAL HEALTH

POLICY SUMMARY (Continued)

Improving Services to Children with Mental Health Needs

In Missouri, there are an estimated 90,000 children that need mental health services. Since the passage of SB 1003 in 2004, children are no longer placed in the state's custody if their only need is mental health services. The department has identified 112 such children who have been, or are in the process of being returned to their families. To provide child-centered, family-focused mental health services, the Governor recommends:

- \$7.5 million in continued funding to support the statewide implementation of integrated services in the new children's mental health services system of care.
- \$653,582 to serve an additional 2,154 children with mental health needs through the Medicaid Program.

Protecting the Public

Most Missourians with mental disabilities pose no threat to others, but the department helps to ensure public safety by treating persons whose mental disabilities make them dangerous to themselves or others and housing individuals judged to be sexually violent predators. The Governor's Fiscal Year 2006 budget includes:

- \$1.3 million for a new 17-bed sexually violent predator treatment unit at the Southeast Missouri Mental Health Center. This will keep additional sexual offenders locked up and out of Missouri communities.

Providing Access to Community Life for Persons with Developmental Disabilities

The Division of Mental Retardation and Developmental Disabilities (MRDD) habilitation centers provide housing and care to 1,375 residents. Many of these individuals could live in a less restrictive placement in their community instead of a state institution. Governor Blunt supports the implementation of a public-private partnership to serve clients in their home communities, including:

- A public-private partnership for three MRDD Independent Supported Living sites allowing 69 clients to choose state contracted providers within their home communities.
- Closure of the state-operated Bellefontaine Habilitation Center. The closure of this large, outdated facility will give 344 persons with developmental disabilities the opportunity to choose individualized services in community-based settings from private providers contracted by the state.

DEPARTMENT OF MENTAL HEALTH

OFFICE OF THE DIRECTOR

The Department of Mental Health establishes policies, standards, and quality outcomes for prevention, education, habilitation, rehabilitation, and treatment for Missourians challenged by mental illness, substance abuse/addiction, and developmental disabilities. The department implements policy and programs through three program divisions -- Comprehensive Psychiatric Services, Mental Retardation and Developmental Disabilities, and Alcohol and Drug Abuse. Services are provided through an array of community-based programs and outpatient clinics, inpatient hospitals, long-term rehabilitation centers, and habilitation centers. The department operates under the advice of a seven-member Mental Health Commission appointed by the Governor.

The Office of the Director implements the plans and policies of the Mental Health Commission and manages the department. Its Office of Consumer Affairs represents consumer and family viewpoints in decision and policy development. The Office of Legislative Liaison reviews and analyzes state and federal legislation that pertains to services provided by the department and assists the program and support divisions with policy review and implementation. The General Counsel assists in litigation and represents the department at hearings, pleadings, briefings, waiver summons, and subpoenas. The Office of Administration provides management and fiscal support, including the annual budget, capital improvements, accounting, building maintenance and management, revenue management, contracting, purchasing, and general services. The Office of Quality Management provides a variety of oversight and support functions which include: financial and compliance audits, abuse and neglect investigations, licensure and certification reviews, health care consultation, nursing home reform administration, administrative hearings/appeals, regulatory process and review, and maintenance of Health Insurance Portability and Accountability (HIPAA) compliance. The Office of Human Resources coordinates department-wide personnel, labor relations, and other related functions. The Office of Public Affairs disseminates information to reduce stigma and raise awareness about mental health programs and services and assists the divisions and facilities in such activities. The Office of Information Systems is responsible for information technology within the department.

The Office of the Director also administers several department-wide activities. These include refunding overpayments by private payers and insurers, tracking the use of private donations to the department, and administering federal grants.

Fiscal Year 2006 Governor's Recommendations

- \$2,500,000 federal and other funds to capture additional Medicaid earnings.
- \$65,838 for pay plan, including \$51,241 general revenue.
- \$7,580,661 federal funds and five staff reallocated from various divisions.
- (\$7,127,339) and (75.4) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$5,123,434) general revenue.
- (\$62,709) and (one) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$57,709) general revenue.
- (\$53,520) and (one) staff reallocated to the Division of Comprehensive Psychiatric Services.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$25,200 for information technology resources related to an expansion of the Missouri Sexual Predator Treatment Center.
- \$61,421 for pay plan, including \$60,526 general revenue.
- \$10,319,462 and 144.92 staff reallocated for information technology resources that will be administered by the Office of Administration, including \$8,234,068 general revenue.

DEPARTMENT OF MENTAL HEALTH

DIVISION OF ALCOHOL AND DRUG ABUSE

The Division of Alcohol and Drug Abuse (ADA) has the responsibility of ensuring that treatment and prevention services are accessible to persons with substance abuse and gambling disorders, and those at risk for substance abuse and compulsive gambling. The division achieves these goals through a treatment system of contracted community-based providers and state-operated facilities and contracts for 35 general treatment service programs and 43 Comprehensive Substance Treatment and Rehabilitation programs (CSTAR). The general treatment service programs offer an array of services, including detoxification from drugs and alcohol, residential treatment, and outpatient treatment. The CSTAR programs offer comprehensive services through three levels of care based on need and severity of addiction. The division has established 12 CSTAR programs specifically for pregnant women and their children and 14 programs specifically for adolescents. The division's administrative responsibilities include, but are not limited to, fiscal oversight, technical assistance and training, standard setting to ensure quality services, research, public information dissemination, clinical review and service authorization, review and oversight of the division's budget, and program planning and policies for prevention and treatment services. Missouri receives federal funds from the Substance Abuse Prevention and Treatment Block Grant, the Center for Substance Abuse Treatment, and the U.S. Department of Education.

Fiscal Year 2006 Governor's Recommendations

- \$1,147,840 for anticipated caseload increases in Medicaid treatment services, including \$426,095 general revenue.
- \$163,842 federal funds for a Medicaid federal match adjustment.
- \$51,474 for pay plan, including \$22,115 general revenue.
- (\$26,392,360) federal and other funds core reduction from the Fiscal Year 2005 appropriation level, including (\$10,993,443) general revenue.
- (\$166,696) transferred to the Office of Administration for fringe benefits.
- (\$128,796) federal funds and (three) staff reallocated to align the core budget.
- (\$56,217) reallocated for information technology resources that will be administered by the Office of Administration, including (\$700) general revenue.

DEPARTMENT OF MENTAL HEALTH

DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES

The Division of Comprehensive Psychiatric Services (CPS) is charged with the delivery of psychiatric services to individuals with mental illness throughout the State of Missouri.

Missouri's mental health system is committed to serving four target populations: persons with serious and persistent mental illness, persons suffering from acute psychiatric conditions, children and youth with serious emotional disturbances, and forensic clients. In addition, CPS has identified four priority groups within the target populations: (1) individuals in crisis, (2) people who are homeless, (3) those recently discharged from inpatient care, and (4) substantial users of public funds. These target populations currently constitute the majority of clientele whom the division serves both in inpatient and ambulatory settings.

The division divides Missouri into 25 service areas. Each service area has a community mental health center which provides psychiatric services to individuals in need and is designated as the division's administrative agent. These administrative agents serve as the primary entry and exit point for state mental health services. The agents are responsible for the assessment and services provided to both adults and children in their assigned areas and for providing follow-up services for individuals released from state-operated inpatient hospitals.

CPS operates eight adult inpatient facilities, one children's psychiatric hospital, and one children's residential center. There are two additional 10-bed children's acute units at two of the adult inpatient facilities. The division also operates and oversees a program for sexually violent predators committed to state custody by the court.

Facility	Total Staffed Beds	Forensic and Corrections Beds
Fulton State Hospital	464	433
Northwest Missouri Psychiatric Rehabilitation Center	108	86
St. Louis Psychiatric Rehabilitation Center	196	155
Hawthorn Children's Psychiatric Hospital	52	0
Metropolitan St. Louis Psychiatric Center	115	0
Mid-Missouri Mental Health Center	69	0
Southeast Missouri Mental Health Center	168	90
Western Missouri Mental Health Center	205	0
Missouri Sexual Offender Treatment Center	99	0
Southwest Missouri Psychiatric Rehabilitation Center	24	0
Cottonwood Residential Treatment Center	32	0
Total	1532	764

Fiscal Year 2006 Governor's Recommendations

- \$5,830,797 for anticipated caseload increases in Medicaid treatment services, including \$2,206,808 general revenue.
- \$1,292,938 and 37.25 staff for a 17-bed ward expansion for the Sexual Offender Program.
- \$725,736 federal funds for a Medicaid federal match adjustment.
- \$335,346 for Medicare premiums for clients found not guilty by reason of insanity.
- \$150,000 for fuel and utilities.
- \$50,000 federal funds and one staff for a data infrastructure expansion.
- \$1,357,561 for pay plan, including \$1,308,363 general revenue.
- \$53,520 and one staff reallocated from the Office of the Director for dietary support at Fulton State Hospital.
- (\$18,418,330) core reduction from the Fiscal Year 2005 appropriation level, including (\$15,776,917) general revenue.
- (\$7,451,865) federal funds and (two) staff reallocated to the Office of the Director for the new children's mental health services system of care.
- (\$1,759,733) and (39) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$1,755,233) general revenue.
- (\$108,549) core reduction for one-time expenditures.

DEPARTMENT OF MENTAL HEALTH

DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

The Division of Mental Retardation and Developmental Disabilities operates several facilities and purchases residential, habilitative, and support services for consumers who live in the community and for families who keep their developmentally disabled children at home. This is a key element in the development of an integrated system that will enable mentally retarded and developmentally disabled consumers to live as normally and independently as their conditions and behavior permit. Community-based services range from residential placements to support services for persons living with their families or in their own apartments. The Medicaid home- and community-based waivers play a major role in the division's community service system. The 11 regional centers are the entry and exit points for consumers. The centers provide screening and diagnostic services for both children and adults, evaluate the need for services and arrange for them, and monitor and assess consumers' progress.

The division provides residential services at the six state habilitation centers. These centers offer training and habilitation for consumers who cannot move into community settings because of the severity of their disabilities or for behavioral reasons. Those who can make the change are eventually moved into community settings, with the goal of integrating them as fully as possible into normal community life. The following table shows the number of beds in the habilitation centers.

Facility	Total Staffed Beds
Bellefontaine Habilitation Center	356
Higginsville Habilitation Center	125
Marshall Habilitation Center	287
Nevada Habilitation Center	140
St. Louis Developmental Disabilities Treatment Center	214
Southeast Missouri Residential Services	86
Habilitation Center Clients in Community Settings	167
Total	1375

Fiscal Year 2006 Governor's Recommendations

- \$9,413,095 for anticipated caseload increases in Medicaid treatment services, including \$2,601,111 general revenue.
- \$9,125,000 federal and other funds for expansion of the Mental Health Trust Fund.
- \$1,614,875 federal funds for a Medicaid federal match adjustment.
- \$968,777 for pay plan, including \$825,287 general revenue.
- (\$47,175,787) and (1,016.71) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$23,080,604) general revenue.
- (\$1,376,173) and (30.52) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$1,354,701) general revenue.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Health Administration	\$ 14,608,458	\$ 21,970,175	\$ 21,908,362	\$ 21,706,201
Information Technology	0	0	0	10,947,459
State Public Health Laboratory	6,705,942	8,623,813	9,461,696	9,414,876
Center for Health Information Mgt. & Evaluation	10,627,014	12,766,988	13,708,911	8,835,429
Center for Local Public Health Services	9,296,909	9,774,188	9,774,188	9,763,983
Center for Emergency Response and Terrorism	18,494,512	30,061,912	30,061,912	27,793,420
Environmental Health and Communicable Disease Prevention	33,021,170	38,452,729	38,359,936	37,880,889
Division of Community Health	181,267,255	201,536,732	217,438,186	214,470,044
Senior Services and Regulation	91,659,474	110,293,069	112,910,225	501,367,305
Missouri Senior Rx Program	18,191,461	27,686,383	27,674,840	27,666,462
Missouri Health Facilities Review Committee	169,955	193,179	193,179	186,723
DEPARTMENTAL TOTAL	\$ 384,042,150	\$ 461,359,168 *	\$ 481,491,435	\$ 870,032,791
General Revenue Fund	72,120,587	81,195,589	84,462,659	221,483,433
Federal Funds	276,725,979	328,293,614	340,217,283	592,805,389
Division of Aging Donations Fund	0	50,000	50,000	50,000
Nursing Facility Quality of Care Fund	2,511,550	3,389,852	3,388,319	3,399,454
Health Initiatives Fund	5,164,935	5,407,881	5,407,889	5,567,607
Health Access Incentive Fund	3,085,754	3,198,282	3,198,282	3,199,786
Mammography Fund	42,988	72,502	72,502	73,045
Division of Aging Elderly Home-Delivered Meals Trust Fund	112,632	430,000	430,000	430,000
Missouri Public Health Services Fund	2,061,785	3,104,416	4,795,752	4,806,460
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	493,401	588,235	587,987	588,644
Medical School Loan and Loan Repayment Program Fund	50,000	50,000	50,000	50,000
Healthy Families Trust Fund (HFT)-Health Care Treatment and Access Account	0	0	3,000,000	875,000
Department of Health Document Services Fund	531,625	916,412	921,409	924,674
Workers' Compensation Fund	131,216	143,763	142,843	144,941
Department of Health - Donated Fund	1,368,064	4,390,350	4,391,270	4,395,399
Hazardous Waste Remedial Fund	219,267	248,609	248,609	250,389
Missouri Senior RX Fund	18,191,461	27,686,383	27,675,671	27,682,293
Head Injury Fund	0	0	0	852,400
Organ Donor Program Fund	251,007	359,282	359,282	360,325
Early Childhood Development, Education and Care Fund	859,982	997,998	997,998	999,872
Smith Memorial Endowment Trust Fund	14,016	35,000	35,000	35,000
Blindness Education, Screening and Treatment Program Fund	21,280	250,000	250,000	250,000
Missouri Lead Abatement Loan Fund	0	276,000	276,000	276,000
Childhood Lead Testing Fund	0	0	257,680	257,680
Crippled Children Fund	84,621	275,000	275,000	275,000
Full-time equivalent employees	1,961.93	2,143.73	2,170.10	2,185.10

* Does not include \$6,800,000 recommended in the Fiscal Year 2005 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Health and Senior Services supplemental appropriations.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$870 million for the Department of Health and Senior Services. The department works to protect and promote the health of Missourians. The primary responsibilities of the department include:

- Safeguarding the public health, safety, and well-being of all Missourians.
- Providing health services, in-home and community services, and prescription benefits for Missouri senior citizens.
- Preventing and controlling communicable and genetic diseases.
- Preventing and reducing the burden of chronic diseases.
- Protecting Missourians through regulation and inspection of facilities, including hospitals, long-term care facilities, and child and adult day care programs.
- Protecting Missourians through the receipt and management of federal resources related to bioterrorism.

Promoting Safe, Quality Care and Services for Missouri's Seniors and Adults with Disabilities

Governor Blunt supports services to help seniors and adults with disabilities maintain their independence and safety. Currently, state programs that serve Missouri's elderly and disabled citizens are located in the Department of Social Services, the Department of Elementary and Secondary Education, and the Department of Health and Senior Services. The Department of Social Services provides access to health care for low-income, elderly, and disabled individuals. The Personal Assistance Services Program in the Department of Elementary and Secondary Education provides personal attendant care to individuals with severe physical disabilities to enable them to live more independently. The Department of Health and Senior Services provides support services to help seniors and adults with disabilities maintain their independence and safety. This is not an efficient way to provide services and can be confusing to those seeking assistance. In order to better serve these Missourians, Governor Blunt proposes unifying these services under the Department of Health and Senior Services. The Governor's Fiscal Year 2006 recommendations for the Department of Health and Senior Services include:

- \$340.1 million to transfer core funding for in-home care programs from the Department of Social Services and the Department of Elementary and Secondary Education to consolidate home-based health care programs in the Department of Health and Senior Services.
- \$65.2 million to fund a wage increase for home- and community-based workers who provide services to Missouri's seniors and adults with disabilities. This funding will decrease turnover rates and improve the quality of care provided to clients receiving services in their homes.

Protecting the Health of Missouri's Children

The Department of Health and Senior Services has several programs that focus on preventing and treating issues that threaten the lives of Missouri children. The department will work to decrease the threat of toxic lead in children and expand the number of genetic disorders tested by its newborn screening program. Children with these disorders will be identified and benefit from early intervention and medical care that can lessen the impact of these genetic and metabolic conditions which, if left undetected and untreated, can result in disabilities and death. The Governor's Fiscal Year 2006 recommendations include:

- \$1,090,119 to fully fund the department's program for newborn testing.
- \$874,015 to implement HB 1453 (2004), which will increase lead testing in children and increase background screenings for public school staff, outsourced social service work positions, foster care/kinship home staff, and court appointed special advocates.
- \$106,509 other funds to fully fund the Childhood Lead Testing Program.

Preventing Underage Smoking and Chronic and Communicable Disease

Chronic diseases such as heart disease, cancer, stroke, chronic lower respiratory diseases, and diabetes are the most prevalent, costly, and preventable of all health problems. Chronic diseases share many of the same risk factors, including obesity, lack of exercise, inadequate diets, and tobacco usage. Despite the human and economic costs, 27.2 percent of adults and 24.8 percent of high school students in Missouri smoke – the third highest rate in the nation. Missouri recently received an "F" in smoking prevention efforts from the American Lung Association. One way to bring these costs under control and increase the number of years of healthy living is to prioritize prevention and adopt healthy lifestyle habits. Governor Blunt is committed to finding new ways to fight this epidemic by educating Missouri children and their parents about healthy lifestyles. The Governor's Fiscal Year 2006 budget recommendations include:

- \$13 million to supplement the Women, Infants and Children (WIC) Program, WIC Farmers' Market Nutrition Program, and the Senior Farmers' Market Nutrition Program, allowing for additional health screenings, nutrition counseling, health and social service referrals, and funds for specific food items to enhance good health.
- \$875,000 for tobacco prevention and cessation programs.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

POLICY SUMMARY (Continued)

Health care associated infections occur in approximately five to seven percent of hospitalized patients, many of which are preventable. Governor Blunt's administration will develop a system requiring hospitals and ambulatory surgery centers to report specific types of health care associated infections, as well as the incidence of specific antibiotic-resistant organisms. The Governor's Fiscal Year 2006 recommendations include \$99,144 to improve investigation and public knowledge of hospital-based infections, pursuant to SB 1279 (2004).

DEPARTMENT OF HEALTH AND SENIOR SERVICES

HEALTH ADMINISTRATION

The department's centralized administration is responsible for cost-effective implementation of Missouri's public health and senior services programs and provides administrative support to all department divisions. Responsibilities and services include budgeting, legislative review, accounting, expenditure control, purchasing, contract and grant administration, internal auditing, general office support, legal services, personnel management and training, minority and women's health care issues, and epidemiological consultation.

Fiscal Year 2006 Governor's Recommendations

- \$54,498 for payment of attorney fees, pursuant to Section 536.087, RSMo.
- \$48,685 federal and other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$16,490 to implement HB 1453 (2004), to improve childhood lead testing, modify the Putative Father Registry, and increase background screenings conducted through the Family Care Safety Registry, including \$14,120 general revenue.
- \$6,790 other funds to support the State Public Health Laboratory Disease Testing Program for newborns.
- \$2,910 other funds to implement a statewide computerized vital records system.
- \$78,205 for pay plan, including \$27,637 general revenue.
- \$145,714 other funds reallocated from the Division of Community Health to allow unused donated appropriation authority to be utilized.
- \$90,498 reallocated from all divisions for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$85,000 and two staff reallocated from the Division of Community Health to Health Administration.
- \$64,408 and two staff reallocated from the Division of Senior Services and Regulation to Health Administration, including \$41,518 general revenue.
- \$12,560 reallocated from the Division of Environmental Health and Communicable Disease Prevention to fund SB 1279 (2004) implementation.
- (\$478,198) and (10.17) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$26,222) general revenue.
- (\$259,078) and (.55) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$72,926) general revenue.
- (\$132,456) federal funds and (two) staff reallocated from Health Administration to the Division of Community Health.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$161,231 for computerized equipment to implement aspects of HB 1453 (2004), support disease testing for newborns, and for implementation of a statewide vital records system, including \$60,400 general revenue.
- Two staff to implement SB 1279 (2004) to monitor hospital-based infections.
- \$57,911 for pay plan, including \$13,601 general revenue.
- \$10,645,229 and 120.84 staff reallocated from various divisions for information technology resources that will be administered by the Office of Administration, including \$2,073,373 general revenue.
- \$83,088 and two staff transferred from the Department of Elementary and Secondary Education to the Department of Health and Senior Services Information Technology Division to consolidate in-home care programs, including \$41,544 general revenue.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

STATE PUBLIC HEALTH LABORATORY

The State Public Health Laboratory performs analysis of samples from newborns for metabolic conditions; conducts tests of human samples for suspected disease agents; and performs tests for tuberculosis, HIV, sexually transmitted diseases, rabies, immunizable diseases, and other diseases. The laboratory also conducts tests of public and private water supplies, performs screenings for childhood lead poisoning, and examines milk and food suspected of causing disease outbreaks. Each year, more than one-half million specimens are submitted to the laboratory for testing and examination.

Fiscal Year 2006 Governor's Recommendations

- \$1,053,929 other funds and seven staff to support the State Public Health Laboratory Disease Testing Program for newborns.
- \$401,203 and 6.54 staff to implement HB 1453 (2004), to improve childhood lead testing, modify the Putative Father Registry, and increase background screenings conducted through the Family Care Safety Registry, including \$161,324 general revenue.
- \$34,564 for pay plan, including \$18,457 general revenue.
- (645,000) federal funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$46,792) and (.5) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$32,292) general revenue.
- (\$6,841) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

CENTER FOR HEALTH INFORMATION MANAGEMENT AND EVALUATION

The Center for Health Information Management and Evaluation is responsible for collecting, analyzing, and distributing data that identify the current health status, existing and emerging health problems, and the unmet health needs of Missourians. The center collects and reports on births and deaths, disease and injury incidence, and hospital and nursing home information. It issues copies of birth and death certificates and provides support for the department's statewide data network and computer database applications.

Fiscal Year 2006 Governor's Recommendations

- \$545,700 other funds and three staff to implement a statewide computerized vital records system.
- \$108,827 and three staff to implement HB 1453 (2004), to improve childhood lead testing, modify the Putative Father Registry, and increase background screenings conducted through the Family Care Safety Registry.
- Two staff to implement SB 1279 (2004) to monitor hospital-based infections.
- \$22,568 for pay plan, including \$9,893 general revenue.
- \$191,716 reallocated from the Division of Environmental Health and Communicable Disease Prevention to fund SB 1279 (2004) implementation.
- (\$4,794,554) and (74.32) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$1,026,731) general revenue.
- (\$5,816) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

CENTER FOR LOCAL PUBLIC HEALTH SERVICES

The Center for Local Public Health Services coordinates the department's partnership with 115 local county public health agencies to improve the health of all Missourians. The center is active in building the capacity to carry out key public health roles and activities at the local level. Some of these activities include inspecting restaurants, monitoring and investigating communicable diseases and environmental health threats, and promoting community health awareness.

Fiscal Year 2006 Governor's Recommendations

- \$5,329 for pay plan, including \$3,489 general revenue.
- (\$14,410) and (.18) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$11,760) general revenue.
- (\$1,124) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF HEALTH AND SENIOR SERVICES

CENTER FOR EMERGENCY RESPONSE AND TERRORISM

The Center for Emergency Response and Terrorism is responsible for coordinating regional and state planning for public health emergencies and natural disasters, including biological, chemical, and nuclear terrorism. Through partnerships with hospitals and other health care organizations, local entities such as government and law enforcement agencies, and other partners, the center works to assure that systems are in place to protect the health of Missourians during a public health emergency.

Fiscal Year 2006 Governor's Recommendations

- \$28,804 federal funds for pay plan.
- (\$2,297,296) federal funds and (26.8) staff reallocated for information technology resources that will be administered by the Office of Administration.

DIVISION OF ENVIRONMENTAL HEALTH AND COMMUNICABLE DISEASE PREVENTION

The Division of Environmental Health and Communicable Disease Prevention provides services that focus on disease prevention and control. The division performs surveillance and epidemiological services for a wide range of communicable and zoonotic diseases and environmental induced conditions. It provides diagnosis and treatment of tuberculosis, HIV/AIDS, and sexually transmitted diseases; monitors emerging infectious diseases such as SARS, monkey pox, and West Nile virus; and administers the immunization program. The division also prevents and controls diseases due to environmental factors through enforcement of community sanitation standards, control of hazardous substances, and assessment of environmental health risks.

Fiscal Year 2006 Governor's Recommendations

- \$136,800 and three staff to implement HB 1453 (2004), to improve childhood lead testing, modify the Putative Father Registry, and increase background screenings conducted through the Family Care Safety Registry.
- Two staff to implement SB 1279 (2004) to monitor hospital-based infections.
- \$78,175 for pay plan, including \$26,526 general revenue
- (\$535,132) and (7.5) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$342,318) general revenue.
- (\$226,300) reallocated across multiple divisions to fund SB 1279 (2004) implementation.
- (\$12,500) federal funds for one-time expenditures.
- (\$9,490) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$3,393) other funds core reduction from the Fiscal Year 2005 appropriation levels.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

DIVISION OF COMMUNITY HEALTH

The Division of Community Health administers programs for maternal, child and family health, nutritional health, chronic disease prevention and health promotion, and community health improvement. The division works with communities, schools, organizations, and the health care delivery system to ensure that a variety of services are available to vulnerable populations. The division also focuses on prevention and reduction of illness, disability, premature deaths, and associated costs related to chronic diseases and informs the public about the need for organ donations that far exceed the available organs. Other services include sexual assault prevention, school-aged children's health, services for children with special health care needs, and persons with head injuries and genetic disorders. To encourage nurses, doctors, and dentists to locate in medically underserved areas of the state, the division provides loans for health care professionals, rural health, oral health care, and community health initiatives.

Fiscal Year 2006 Governor's Recommendations

- \$13,000,000 federal funds to fund the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the WIC Farmers' Market Nutrition Program, and the Senior Farmers' Market Nutrition Program.
- \$875,000 other funds to promote tobacco prevention and cessation.
- \$350,000 other funds to offset general revenue for head injury services.
- \$127,044 for pay plan, including \$27,483 general revenue.
- \$502,400 other funds transferred from the Office of Administration for head injury services.
- \$132,456 federal funds and two staff to reallocate the Office of Epidemiology staff from Health Administration to the Division of Community Health.
- (\$960,877) and (2.99) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$73,267) general revenue.
- (\$852,688) core reduction from the Fiscal Year 2005 appropriation level, including (\$852,400) general revenue.
- (\$145,714) other funds reallocated to Health Administration to allow unused donated appropriation authority to be utilized.
- (\$85,000) and (two) staff reallocated to Health Administration for the Pain Management Program.
- (\$9,309) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF HEALTH AND SENIOR SERVICES

DIVISION OF SENIOR SERVICES AND REGULATION

The Division of Senior Services and Regulation is responsible for assuring that a comprehensive, effective, and coordinated service delivery system is available for elderly and disabled Missourians whether the services are provided by department personnel or contracted services providers. Some of the services available include case management, counseling, information and referral, congregate and home-delivered meals, transportation, and abuse prevention/protection services, all of which help thousands of elderly and disabled residents live dignified, independent lives in their own homes and communities. The division also is responsible for assuring that the care and services provided by hospitals, long-term care facilities, ambulatory surgical centers, home health agencies, hospices, childcare providers, ambulances, paramedics, handlers of controlled substances, and a variety of Medicare-certified health programs meet state and/or Medicare standards. In addition to routine compliance surveys, the division also investigates complaints concerning these entities.

Fiscal Year 2006 Governor's Recommendations

- \$65,222,811 to fund a \$2.00 per hour rate increase for Home- and Community-Based Service workers, as recommended by the Caregiver Task Force, including \$24,774,274 general revenue.
- \$30,409,880 for caseload growth of existing Medicaid in-home and community-based programs, including \$10,576,576 general revenue.
- \$1,521,015 federal funds for an adjustment in the federal participation percentage for Medicaid programs.
- \$241,373 and six staff to implement HB 1453 (2004), to improve childhood lead testing, modify the Putative Father Registry, and increase background screenings conducted through the Family Care Safety Registry.
- \$99,144 and two staff to implement SB 1279 (2004) to monitor hospital-based infections.
- \$374,897 for pay plan, including \$173,092 general revenue.
- \$309,708,706 and 13 staff transferred from the Departments of Social Services and Elementary and Secondary Education to consolidate in-home care programs, including \$119,273,865 general revenue.
- \$22,024 reallocated from the Division of Environmental Health and Communicable Disease Prevention to fund SB 1279 (2004) implementation.
- (\$14,689,343) core reduction from the Fiscal Year 2005 appropriation level, including (\$14,678,146) general revenue.
- (\$1,714,351) and (eight) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$506,340) general revenue.
- (\$64,408) and (two) staff reallocated from the Division of Senior Services and Regulation to Health Administration, including (\$41,518) general revenue.
- (\$57,512) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

MISSOURI SENIOR Rx PROGRAM

In response to the increasing cost of medications and the increasing burden Missouri's seniors face paying for necessary medications, the Governor proposed, and the General Assembly approved, the Missouri Senior Rx Program in the Special Session of 2001. The program serves eligible seniors and pays 60 percent of the cost of approved drugs after the enrollees meet specified deductibles. The program expects to serve 17,400 members in Fiscal Year 2005 and Fiscal Year 2006. The typical member saves about \$800 per year in out-of-pocket prescription drug costs.

It is anticipated legislation will be introduced next legislative session that will restructure the State Prescription Assistance Program to interface with Medicare Part D passed by Congress, which will become effective January 2006. Legislation is also required to extend the Missouri Senior Rx Program which otherwise is scheduled to sunset December 13, 2005.

Fiscal Year 2006 Governor's Recommendations

- \$6,622 other funds for pay plan.
- (\$15,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.
- (\$11,543) other funds core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

MISSOURI HEALTH FACILITIES REVIEW COMMITTEE

The Missouri Health Facilities Review Committee implements the Certificate of Need Program in Missouri. The purpose of the Certificate of Need Program is health care cost containment through the prevention of unnecessary duplication of health care services. The staff assists the review committee in the review of proposals to develop or offer new institutional health services and issues certificates for those services determined to be needed.

Fiscal Year 2006 Governor's Recommendations

- \$1,689 for pay plan.
- (\$7,739) reallocated for information technology resources that will be administered by the Office of Administration.
- (\$406) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF SOCIAL SERVICES

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 53,246,132	\$ 72,247,693	\$ 75,759,535	\$ 63,220,987
Information Technology	0	0	0	16,757,027
Family Support Division	478,170,104	499,714,859	499,112,356	496,080,056
Children's Division	485,697,804	516,325,983	548,538,831	534,729,541
Division of Youth Services	55,382,441	59,272,755	58,893,178	59,033,499
Division of Medical Services	4,588,531,724	5,078,124,011	5,719,876,637	4,739,601,108
DEPARTMENTAL TOTAL	\$ 5,661,028,205	\$ 6,225,685,301	\$ 6,902,180,537	\$ 5,909,422,218
General Revenue Fund	1,205,302,334	1,386,592,216	1,762,246,303	1,331,572,887
Title XIX - Federal and Other Funds	2,408,642,571	2,716,001,412	3,138,619,399	2,556,967,964
Temporary Assistance for Needy Families - Federal Funds	154,735,412	160,264,220	158,283,204	158,478,316
DSS - Federal and Other Funds	534,543,040	579,821,611	590,118,987	591,463,168
Uncompensated Care Fund	169,799,666	91,000,001	91,000,001	91,000,001
Pharmacy Rebates Fund	79,240,086	96,551,469	96,551,469	87,033,188
Third Party Liability Collections Fund	12,415,825	24,562,807	24,562,807	23,817,649
Intergovernmental Transfer Fund	29,872,347	114,338,375	0	0
Federal Reimbursement Allowance Fund	688,437,013	619,537,797	619,065,778	653,450,517
Pharmacy Reimbursement Allowance Fund	57,179,017	63,148,557	46,109,798	41,608,547
Division of Family Services Donations Fund	91,926	134,000	134,000	134,000
Child Support Enforcement Collections Fund	9,766,900	14,285,139	14,384,275	14,468,775
Nursing Facility Federal Reimbursement Allowance Fund	176,925,542	218,253,784	218,253,784	218,253,635
Nursing Facility Quality of Care Fund	81,578	83,254	83,254	83,984
Health Initiatives Fund	19,213,807	20,550,263	21,017,152	20,869,628
Gaming Commission Fund	462,331	500,000	500,000	500,000
DSS Administrative Trust Fund	4,532,307	6,230,008	6,190,318	6,190,370
DSS Educational Improvement Fund	6,199,057	5,592,576	5,592,576	5,617,406
Blind Pension Fund	22,360,223	24,169,312	25,565,932	25,574,342
Healthy Families Trust Fund-Health Care Treatment and Access Account	50,959,100	50,959,100	50,959,100	50,959,100
Legal Services for Low-Income People Fund	2,159,938	0	0	0
Youth Services Products Fund	0	25,000	25,000	25,000
Youth Services Treatment Fund	0	1,000	1,000	1,000
Early Childhood Development, Education and Care Fund	13,356,903	16,078,460	16,078,460	14,514,801
Premium Fund	4,136,974	4,837,940	4,837,940	4,837,940
Alternative Care Trust Fund	10,614,308	12,167,000	12,000,000	12,000,000
Full-time equivalent employees	8,686.61	8,589.20	8,726.82	8,726.82

* Does not include \$243,411,149 recommended in the Fiscal Year 2005 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Social Services supplemental appropriations.

DEPARTMENT OF SOCIAL SERVICES

POLICY SUMMARY

Governor Blunt's budget for Fiscal Year 2006 provides a total of \$5.9 billion for the Department of Social Services. Each day the department provides services for over two million Missourians. The core functions provided by the Department of Social Services include:

Children's Division

- The Children's Division is dedicated to protecting the welfare of Missouri's children. The programs include foster care, child abuse and neglect investigations, children's treatment, purchase of child care, and adoption assistance.

Income Maintenance

- The Family Support Division is responsible for all income support programs and many of the child support functions. The programs administered by the division include: Temporary Assistance for Needy Families, Food Stamps, Energy Assistance, Blind Pension, Supplemental Aid to the Blind, Domestic Violence, and Medicaid eligibility.

Youth Services

- The Division of Youth Services provides case management, community care, and aftercare to youth committed to the state's custody for various crimes. The Juvenile Court Diversion Program works with local communities to help prevent juvenile crime and provide treatment for youth in their own communities.

Medicaid Programs

- The Division of Medical Services is responsible for the delivery of health care to the state's neediest citizens, including the elderly and the disabled, poor children, and pregnant women.

PROVIDING SAFE ENVIRONMENTS FOR VULNERABLE CHILDREN

Child abuse and neglect are tragic consequences that can result from troubled families. The state must work to provide safe settings for at-risk children and facilitate a permanent placement of children who cannot return home. Over the past several years, the state's child welfare system has come under fire for not adequately addressing the needs of children in its care. To meet the needs of children who have been removed from their homes, the Governor's Fiscal Year 2006 budget includes:

- \$7,990,399 to fund the anticipated growth in the subsidized adoption and guardianship caseload in Fiscal Year 2005 and Fiscal Year 2006, including \$5,988,612 general revenue.
- \$6,982,770 to continue supplemental funding for subsidized adoption and guardianship caseload growth, including \$5,172,054 general revenue.
- \$110,000 to continue supplemental funding for payments to counties for the care of children in juvenile detention centers.

Providing housing and services for children with special needs can be one of the greatest challenges of a state's child welfare system. Missouri has a committed network of private providers which meets the needs of this population. However, the costs of providers have exceeded the reimbursements for these services. To maintain a strong network of residential providers for children in state custody, the Governor recommends:

- \$5,524,997 to fund a rate increase for providers of residential treatment services for abused and neglected children.

DEPARTMENT OF SOCIAL SERVICES

POLICY SUMMARY (Continued)

PROMOTING SELF-SUFFICIENT INDIVIDUALS AND FAMILIES

Supporting low-income families with child care assistance is critical in moving families from poverty to a sustainable income. The availability of quality child care is essential for the children of these families to build the fundamental skills to enter school. To ensure low-income families obtain quality child care services so they can obtain and retain employment, the Governor recommends:

- \$11,504,868 to maintain the current child care subsidy caseload with an asset test for family income at 112 percent of the federal poverty level.

While providing a safety net for Missouri's citizens who are in temporary need of financial assistance, the department administers programs that can help individuals reach self-sufficiency. The services provided prepare individuals to enter the job market and overcome barriers that prevent them from retaining employment. The Governor recommends:

- \$1,396,620 other funds to increase the monthly benefit payment to blind pension recipients from \$479 to \$510. The Family Support Division has instituted a new methodology in calculating the blind pension rate adjustment so this population will receive the maximum benefits from the taxes collected for this population.
- \$714,948 to operate the Electronic Benefit Transfer call center in Missouri. The previous administration contracted with a company that outsourced this service to India. The Fiscal Year 2006 appropriation represents the annualized costs for operating the call center in Missouri.

Medicaid Cost Containment and Reform

The Medicaid Program has grown out of control. Rising health care costs and program expansions by previous administrations have increased state expenditures in this program 108 percent over the last seven years. The National Association of State Budget Officers recently reported that growth in state spending for Medicaid threatens the ability to budget adequately for other critical areas. Without taking aggressive action to control spending increases, the state cannot properly fund education - a priority for the all Missourians.

Governor Blunt is committed to maintaining Medicaid services provided to pregnant women and children and has made no reductions to these portions of the Medicaid budget. Governor Blunt's Fiscal Year 2006 budget contains significant reductions in the Medicaid Program that are necessary to address the state's number one priority - funding public education. To prioritize state funding and restrain Medicaid spending, the Governor recommends a reduction of \$580.6 million in Fiscal Year 2006.

In addition, the Governor will pursue legislation to authorize the reductions to the Medicaid Program recommended in the Fiscal Year 2006 budget and to ensure coverage is provided to those that the General Assembly has appropriated.

Protecting Health Care Access for Pregnant Women and Children

The Medicaid Program provides vital services to pregnant women and children. The State Children's Health Insurance Program (SCHIP) has been a success and is a prudent investment for the state. SCHIP annual expenditures per child are just over \$1,000 per year. This is a responsible use of taxpayer's money. Since its inception in 1998, the program has extended health care coverage to more than 87,000 children. In addition, the Medicaid Program includes several distinctive programs that cover low-income pregnant women. Governor Blunt is committed to ensuring that pregnant women and children have access to vital health services. Accordingly, the Governor's Fiscal Year 2006 budget recommendations include continued core funding for SCHIP and Medicaid programs for pregnant women.

Aggressive Pursuit of Medicaid Fraud

Missouri's Medicaid Program will spend over \$5 billion this fiscal year. There are ongoing problems with individuals defrauding the Medicaid system and costing taxpayers millions of dollars each year. The Department of Social Services currently has two separate units that monitor Medicaid Program compliance and investigate fraud and abuse. In addition, the Attorney General's Office operates a Medicaid Fraud Control Unit. These three entities are not doing enough to ensure that state government is identifying every instance of Medicaid Program fraud and abuse. Governor Blunt is committed to improving the current effort crackdown on Medicaid fraud and root out abuse.

**DEPARTMENT OF SOCIAL SERVICES
DEPARTMENTAL ADMINISTRATION**

OFFICE OF THE DIRECTOR

Departmental Administration includes the director, the director's staff, and the personnel and labor relations section. The director sets policy for the department, forges public/private partnerships to help meet department goals, and ensures implementation of its mandates. The personnel and labor relations section administers a personnel program and human resource management system to serve the department's employees.

The Division of Budget and Finance provides a centralized budgeting and expenditure review and control process and manages federal grants with a value of over \$5 billion. Additional responsibilities include maintenance of support mechanisms to ensure timely payments to clients, vendors and staff, and timely receipt and disposition of the department's revenues.

The Division of General Services provides a variety of services that support the operations of the department, including operating the department's centralized mailing center that processes over 23 million pieces of mail annually, working with telecommunications systems, providing necessary minor office renovations, and coordinating the inventory and distribution of office equipment and furniture.

The Division of Legal Services is responsible for providing legal services for all of the divisions within the department, due process hearings for recipient appeals, legal advice and representation for children in the custody of the Children's Division, investigating fraud and abuse of public assistance programs, and conducting background investigations on department employees prior to employment. The division also includes the State Technical Assistance Team responsible for assisting in the investigation of child abuse and neglect, child exploitation, and child fatality cases.

The Information Services and Technology Division is responsible for the development, maintenance, and operation of the department's data processing systems, including mainframe and PC network operations. The division processes data on recipients and vendors, prints checks and vendor payments, provides technical support, and provides management reports to other divisions in the department.

Fiscal Year 2006 Governor's Recommendations

- \$3,420,906 for payment of overtime to nonexempt employees as required by HB 1548 (2004), including \$2,000,000 general revenue.
- \$110,000 to continue supplemental funding for payments to counties for the care of children in juvenile detention centers.
- \$133,637 for pay plan, including \$80,251 general revenue.
- (\$12,672,185) and (129.69) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$3,729,140) general revenue.
- (\$19,064) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$16,667,537 and 198.56 staff reallocated for information technology resources that will be administered by the Office of Administration, including \$4,527,272 general revenue.
- \$89,490 for pay plan, including \$30,764 general revenue.

DEPARTMENT OF SOCIAL SERVICES

FAMILY SUPPORT DIVISION

ADMINISTRATIVE SERVICES AND INCOME MAINTENANCE

Administrative Services – Management, coordination, and general direction are provided to all Family Support Division programs. The division director and staff monitor the efficiency and effectiveness of and provide policy direction for Income Maintenance and Child Support programs. Administrative Services also provides financial management and operational services, human resource support, and systems support to Income Maintenance and Child Support Enforcement field staff.

Income Maintenance - Staff provides intake services, information and referral, and eligibility determinations for applicants of financial services provided by the department. Funds in these sections support the salaries, general operating expenses and training for Income Maintenance caseworkers, administrative and supervisory staff, and clerical support positions in Family Support offices.

Temporary Assistance for Needy Families (TANF) – TANF is a program designed to provide temporary assistance/relief to families to promote self-sufficiency so parents do not remain dependent on welfare payments and children do not grow up in poverty. Under the federal welfare reform in 1996, TANF was designed to be a temporary assistance which, coupled with a myriad of other support services, would enable parents to find and retain employment; thereby, enabling them to support their families without government assistance. Missouri continues to implement new, innovative programs designed to meet the diverse needs of TANF recipients.

Adult Supplementation – The federal government assumed responsibility for Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind programs in January 1974 when it created the Supplemental Security Income (SSI) Program. Recipients who are eligible for SSI, but who receive smaller benefits than their December 1973 payments, receive payments from the state equal to the difference. Recipients who are not eligible for SSI, but who received payments under one of the earlier programs, receive payments from the state equal to the amount they received in December 1973. The caseload has been declining since 1973 as recipients die, become ineligible through income changes, or leave the state.

Grandparents as Foster Parents – Caring for a grandchild often places additional financial, social, and psychological strain on grandparents with fixed incomes. Grandparents as Foster Parents was established to provide payments to grandparents who have either legal guardianship or legal custody of their minor grandchildren.

Nursing Care – This state-funded program makes monthly cash payments to residents of nursing and residential care homes who are eligible for Medicaid, but occupy a facility not certified for Medicaid, or who receive care in a Residential Care I or II facility. The type of facility appropriate for clients is to a great extent dictated by their level of need for care. Minimal medical care is provided in Residential Care I, more in Residential Care II, and significantly more in Intermediate Care. Supplemental Nursing Care recipients also are provided an allowance each month for personal needs such as toiletries, transportation, and hair care.

Blind Pension and Supplemental Aid to the Blind – Three separate programs assist blind persons. The first, Supplemental Aid to the Blind, pays benefits to those who meet certain income requirements. The second, Blind Pension, aids the blind that do not qualify for Supplemental Aid to the Blind and who do not own property – excluding homes – worth more than \$20,000. Currently both programs provide a maximum monthly grant of \$470 unless the claimant qualifies for a higher payment by residing in a licensed nursing home. The third program, Adult Supplemental Payments, aids those who received state assistance before the federal SSI Program began in 1974, but who receive less from SSI than from the earlier program. New cases that meet the state's 1973 guideline also may be certified for assistance. All of these programs are funded from an earmarked state property tax that provides revenue to the Blind Pension Fund.

Community Services Block Grant (CSBG), Emergency Shelter Grants, Homeless Funding, and Refugee Assistance – CSBG funds are used to address six causes of poverty: unemployment, inadequate education, malnutrition, inadequate housing, unmet emergency needs, and poor use of income. Federal statutes require that 90 percent of CSBG funding be passed through to Community Action Agencies. The Emergency Shelter Grants Program provides grants to local governments to be used for renovation or conversion of buildings for emergency shelters and to help meet the cost of emergency shelter operations. Homeless Challenge Grants offer local communities matching funds to establish programs to combat homelessness. The Refugee Assistance Program provides services to help refugees overcome language barriers, acquire or adapt vocational skills, and adjust to their new environment.

Food Distribution – The federally funded Food Distribution Program enables Family Support to store, ship, and distribute processed surplus commodity food to eligible individuals, families, charitable institutions, and organizations.

Energy Assistance – The Low-Income Home Energy Assistance Program is a federally funded block grant which provides heating assistance payments, crisis assistance, and weatherization services to low-income households.

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION**

ADMINISTRATIVE SERVICES AND INCOME MAINTENANCE (Continued)

Domestic Violence – This program provides grants to local communities for family violence shelters or services. Grants may be used for emergency shelters, counseling, and education services for families in community-based shelters.

Fiscal Year 2006 Governor's Recommendations

- \$714,948 to operate the Electronic Benefit Transfer System call center in Missouri, including \$386,072 general revenue.
- \$210,698 cost-to-continue supplemental funding to meet costs related to increased food stamp caseload growth, including \$113,777 general revenue.
- \$144,000 for the cost-to-continue to maintain the current contract costs for recipient calls to the Electronic Benefit Transfer System call center, including \$77,760 general revenue.
- \$1,253,475 for pay plan, including \$255,826 general revenue.
- (\$2,955,579) and (44.87) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$408,266) general revenue.
- (\$3,583,085) and (2.59) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$1,365,183) general revenue.
- (\$563,679) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$292,516) one-time expenditures, including (\$141,500) general revenue.

SERVICES FOR THE BLIND

Professional staff in Rehabilitation Services for the Blind counsel and train blind and other visually impaired Missourians, arrange for the purchase of other services, and help the visually impaired find jobs. Services include rehabilitation, vocational rehabilitation, diagnosis and treatment of eye disease, equipment and supplies for blind preschool children, the Public Building Vending Program, and the Readers for the Blind Program.

Fiscal Year 2006 Governor's Recommendations

- \$1,396,620 other funds to increase the monthly benefit payment to blind pension recipients from \$479 to \$510.

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION**

CHILD SUPPORT ENFORCEMENT AND DISTRIBUTIONS

Child Support Enforcement staff, with the assistance of the Missouri Automated Child Support System (MACSS), locate missing parents; establish paternity, medical support, and financial child support obligations; and enforce the collection of support payments for TANF and for participating non-TANF families. The state retains approximately 33 percent of all child support collected on TANF cases.

Local Agreements – This funding supports contractual agreements with local governments to assist the division with paternity and other types of child support referrals through the establishment of multi-county, full-service centers. Counties pool resources to establish service centers dedicated to child support work.

Reimbursement to Counties – This program provides reimbursement to counties that have signed a cooperative agreement with the Department of Social Services. Child support collection and prosecution costs incurred by the counties are reimbursed by the federal government at a rate of 66 percent.

Federal Reimbursement/Local Incentives – This appropriation provides a mechanism to disburse payments to families when the payment was collected by the department, to pay federal incentives to the county governments, and to refund some overpayments from income tax returns.

State Tax Refund Distribution – This appropriation provides a mechanism for reimbursing non-custodial parents for child support payments over-collected from state tax returns.

Fiscal Year 2006 Governor's Recommendations

- \$119,280 other funds and 15.78 staff for child support enforcement collections' funds to replace general revenue savings cut from the Family Support Division core.
- (\$74,097) and (14.57) staff in core reduction resulting from savings due to child support fees.
- (\$4,868) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Number of Families Receiving TANF (Annually)	47,793	48,341	48,762
Average Monthly Payment Per Household	\$237	\$237	\$237
Family Support Administration	\$ 26,084,722	\$ 27,288,052	\$ 27,200,764
Income Maintenance Field Staff and Operations	86,771,814	93,303,228	92,698,871
Income Maintenance Staff Training	447,959	662,440	661,940
Community Partnerships	8,553,037	8,566,711	8,567,840
Missouri Mentoring Partnership	1,430,159	1,452,987	1,452,987
Family Nutrition Program	4,941,572	5,367,831	5,362,330
Temporary Assistance for Needy Families (TANF)	136,619,639	140,333,466	138,352,450
Grandparent Foster Care	1,552,688	2,330,978	1,030,978
Adult Supplementation	160,458	165,000	145,000
Supplemental Nursing Care	25,629,453	26,464,815	26,464,815
General Relief	100,000	0	0
Supplemental Security Income	2,419,743	4,000,000	4,000,000
Blind Pension	19,763,554	21,505,269	22,901,889
Refugee Assistance	3,806,121	3,812,553	3,808,853
Community Services Block Grant	17,194,501	19,144,171	19,144,171
Homeless Challenge Grant	500,000	500,000	500,000
Emergency Shelter Grants	1,255,641	1,340,000	1,340,000
Food Distribution Programs	999,999	1,000,000	1,000,000
Energy Assistance	43,153,753	40,802,495	40,802,516
Domestic Violence	5,523,180	5,987,653	5,987,653
Blind Administration	4,015,020	4,741,858	4,622,041
Services for the Visually Impaired	6,715,434	6,734,935	6,734,646
Child Support Field Staff and Operations	29,493,481	36,420,417	35,677,312
Child Support Distributions	51,038,176	47,790,000	47,623,000
TOTAL	\$ 478,170,104	\$ 499,714,859	\$ 496,080,056
General Revenue Fund	85,044,321	87,909,293	86,185,135
DSS - Federal Funds	361,712,395	375,505,834	372,738,097
Other Funds	31,413,388	36,299,732	37,156,824

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION

The Children's Division Administrative Services provides management, coordination, and general direction for all Children's Division programs. The division director and staff monitor the effectiveness of programs that promote permanency for Missouri's children. Administrative Services provides policy direction, financial management and operational services, and human resource support to field staff.

Purchase of Child Care – A key to successful welfare reform and the prevention of abuse and neglect is access to quality, affordable child care. Without child care assistance, many parents could not participate in job training, education, or maintain employment in order to become self-sufficient and end their dependence on government assistance. Without such assistance, the risk of children being left in unsafe environments also increases. In the 1998 legislative session, the General Assembly passed HB 1519. This bill created the Early Childhood Development, Education and Care Fund to support programs to improve the availability of, and access to, quality child care and programs that prepare children to enter school ready to succeed. Because children learn more from the ages of zero to five than during any other developmental period, the availability of quality child care is essential to preparing children for school.

Children's Treatment Services, Child Abuse and Neglect Grant, and Intensive In-Home Services – This program provides intensive family-centered services to child abuse victims and their parents. Specific services include family therapy, homemaker services, respite care, parent aides, child care, crisis nursery services, and incentive subsidies to encourage local units of government to develop community programs to combat child abuse and neglect. The Family Reunification Program provides home-based services aimed at reuniting children with their families. The Family Preservation Program provides intensive, in-home services to help prevent placement of children in foster care and keep children with their families.

Foster Care, Children's Account, Adoption Subsidy, and Subsidized Guardianship – The Foster Care Program provides monthly room and board payments for children in the custody and care of the Children's Division. Current payment rates for homes of traditional foster parents, relatives, and kinship for age groups are as follows: 0-5 years, \$227; 6-12 years, \$277; and 13 and over, \$307. There are special placements with different rates, including Behavioral or Medical Foster Care (\$657 per month) and Career Foster Care (\$47 per day). Homes may also receive an additional \$100 per month, per child, for attending professional parenting classes. Payments also are made for non-Medicaid medical and dental services, clothing, transportation, foster parent training, and other needs. Children in state custody may receive funds from a variety of sources, including child support payments. These monies are used to offset the cost of maintaining the child in foster care and to pay for any special expenses of the child.

The Adoption Subsidy Program and Subsidized Guardianship Program provide financial assistance to parents who adopt special needs children.

Children's Programs Pool – In the Fiscal Year 1992 budget, a separate pool appropriation was developed for services for children and families. Each line item for the following children's programs was reduced by ten percent to create a Children's Programs Pool: Children's Treatment Services, Family Preservation, Foster Care, Adoption Subsidy, and Independent Living. This pooled appropriation allows flexible spending within these children's service areas and residential treatment.

Residential Treatment, Independent Living, and IV-E Court Contracts – Residential facilities are used when foster care cannot meet the children's treatment needs. The division contracts with a wide range of treatment programs ranging from small group homes to large, self-contained, resident campuses. Facilities must be licensed and meet the division's standards for alternative care. Transitional/Independent Living programs assist foster care children, ages 15 to 21, in learning the necessary skills for the transition from foster care to adult independent living in the community. Court Contracts through the IV-E Program allow family support to pass through federal funds to be used for reimbursement to counties for children placed in the custody of the juvenile court and who are placed in juvenile court residential facilities.

Psychiatric Diversion – This program's primary purpose is to keep children out of expensive inpatient psychiatric hospitals, while providing them with the necessary services to help them deal with their severe behavioral and emotional problems.

Fiscal Year 2006 Governor's Recommendations

- \$11,504,868 to maintain the current child care subsidy caseload with an asset test for family income at 112 per cent of the federal poverty level.
- \$14,973,169 for adoption and guardianship caseload growth, including \$11,170,666 general revenue.
- \$6,975,671 to fund a rate increase for providers of residential treatment services for abused and neglected children, including 2,984,994 general revenue.
- 139 staff to fully implement the Fiscal Year 2005 Child Welfare Accreditation Plan.
- \$744,356 for pay plan, including \$271,524 general revenue.
- (\$14,185,788) core reduction from the Fiscal Year 2005 appropriation level, including (\$12,621,716) general revenue.

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION (Continued)

- (\$1,023,792) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$517,858) and (11) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$136,662) general revenue.
- (\$67,068) transferred to the statewide leasing budget, including (\$43,383) general revenue.

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Average Number of Children Receiving Child Care Per Month	44,865	45,000	45,000
Individuals Served Through Children's Treatment	2,358	2,358	2,358
Families Receiving Intensive In-Home Services	1,600	1,600	1,600
Children in Residential Treatment Centers (As of June 30)	1,921	1,985	1,985
Children Receiving Independent Living Services (Annual Federal Fiscal Year)*	3,081	3,081	3,081
Foster Children Served Throughout the Year	17,618	18,000	18,000
Children in Adoption Placements (As of June 30)	12,272	13,500	14,850
Finalized Adoptions	1,311	1,300	1,300
Children's Administration	\$ 6,568,369	\$ 7,079,623	\$ 6,980,700
Children's Field Staff and Operations	67,432,174	70,738,400	69,989,146
Child Welfare Accreditation	0	9,258,160	9,307,478
Children's Staff Training	1,509,344	1,545,691	1,545,691
Children's Treatment Services	13,562,238	14,842,238	14,692,238
Foster Care	39,033,385	45,135,686	45,135,686
Adoption and Subsidized Guardianship	60,115,926	60,423,199	62,924,652
Independent Living	5,027,069	3,020,000	3,000,000
Transitional Living	0	2,064,018	2,064,018
Children's Programs Pool	16,895,951	18,944,251	18,944,251
Child Assessment Centers	1,688,072	1,898,952	1,898,952
Residential Treatment Centers	69,672,123	69,672,123	76,647,794
Psychiatric Diversion	15,764,459	16,037,734	16,037,734
IV-E Court Contracts	161,963	700,000	700,000
Child Abuse and Neglect Grant	623,966	1,000,000	988,316
Foster Care Children's Account	10,614,308	12,000,000	12,000,000
Purchase of Child Care	177,028,457	181,965,908	191,872,885
TOTAL	\$ 485,697,804	\$ 516,325,983	\$ 534,729,541
General Revenue Fund	209,625,346	220,325,550	232,432,049
Federal Funds	252,039,759	267,667,931	275,529,627
Other Funds	24,032,699	28,332,502	26,767,865

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF YOUTH SERVICES

The Division of Youth Services (DYS) is divided into three functional areas: Management and Development, Residential Services, and Alternative Services.

Management and Development is the central administrative unit with overall responsibility for designing, implementing, managing, and evaluating all programs operated by the division. Five regional offices supplement the efforts of central office staff and assure program efficiency and effectiveness at the local level.

Residential Services provides youthful offenders with structured rehabilitation programs when placement at home is no longer an option. Educational Services, a component of this program area, provides academic and vocational education to youth in residential placement. The division has seven secure facilities: Northwest Regional Youth Center in Jackson County, Hogan Street Youth Center in St. Louis City, Fulton Treatment Center in Callaway County, Mount Vernon Treatment Center in Lawrence County, Hillsboro Treatment Center in Jefferson County, Riverbend Treatment Center in Buchanan County, and Montgomery City Youth Treatment Center in Montgomery County. The division also operates 19 moderately secure facilities and six community-based facilities.

Alternative Services helps youthful offenders adjust to acceptable norms of behavior. The division provides several types of alternative services: case management and classification; community care which includes day treatment, intensive supervision, and alternative living; aftercare; and the Juvenile Court Diversion Program. Case management and classification involves evaluating youths' needs before they are assigned to one of the division's programs and managing their service delivery plan during their entire length of stay with the division. Community care involves treatment of youth in the community without the youth being placed in a DYS facility. Alternative living purchased by the division includes foster care and proctor care for juveniles who cannot return to their home. Day treatment programs provide education and treatment services for youth who continue to live at home. Intensive supervision provides tracking and mentoring to youth in the community. Aftercare is the provision of counseling and other services to help juveniles return to their families and communities when released from one of the division's facilities. Finally, the Juvenile Court Diversion Program encourages local communities to develop programs to divert youth from commitment to DYS.

Fiscal Year 2006 Governor's Recommendations

- \$423,222 for pay plan, including \$323,150 general revenue.
- (\$282,901) and (seven) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$207,504) general revenue.
- (\$379,577) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administrative Services	\$ 47,751,469	\$ 53,998,239	\$ 54,801,038
Medicaid Vendor Payments and Managed Care	4,505,933,712	4,985,786,077	4,657,939,944
State Medical	34,846,543	38,339,695	26,860,126
TOTAL	\$ 4,588,531,724	\$ 5,078,124,011	\$ 4,739,601,108
General Revenue Fund	860,246,618	1,025,004,015	956,866,193
Title XIX -Federal and Other Funds	2,408,642,571	2,716,001,412	2,556,967,964
DSS - Federal and Other Funds	32,627,078	35,407,291	35,980,736
Uncompensated Care Fund	169,799,666	91,000,001	91,000,001
Pharmacy Rebates Fund	79,240,086	96,551,469	87,033,188
Third Party Liability Collections Fund	11,986,465	23,391,737	22,639,885
Intergovernmental Transfer Fund	29,872,347	114,338,375	0
Federal Reimbursement Allowance Fund	688,437,013	619,537,797	653,450,345
Pharmacy Reimbursement Allowance Fund	57,179,017	63,148,557	41,608,547
Nursing Facility Federal Reimbursement Allowance Fund	176,925,542	218,253,784	218,253,635
Nursing Facility Quality of Care Fund	81,578	83,254	83,984
Health Initiatives Fund	18,397,669	19,609,279	19,919,590
Healthy Families Trust Fund-Health Care Treatment and Access Account	50,959,100	50,959,100	50,959,100
Premium Fund	4,136,974	4,837,940	4,837,940

ADMINISTRATIVE SERVICES

Medical Services staff oversees the operation of the Medicaid, SCHIP, and State Medical programs. Responsibilities include provider reimbursement; provider enrollment and relations; monitoring changes in the health care professions and their payment structures; maintaining liaison with federal agencies involved in medical services; developing policies and procedures for the operation of the program; and developing new, innovative methods of controlling health care costs through managed care plans, alternative care programs, third party liability collections, and other management initiatives.

Fiscal Year 2006 Governor's Recommendations

- \$1,000,000 to fund changes to the Medicaid Management Information System (MMIS) to comply with the Medicare Modernization Act – Part D, including \$250,000 general revenue.
- \$89,410 for pay plan, including \$32,229 general revenue.
- (\$239,014) and (six) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$45,700) general revenue.
- (\$30,197) federal funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$9,020) reallocated for payment of overtime to nonexempt employees are required by HB 1548 (2004).
- (\$8,380) one-time federal and other funds core reduction for one staff to maximize pharmacy tax collections.

MEDICAID VENDOR PAYMENTS AND MANAGED CARE

The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort to pay the health care of those who cannot pay for their own care. Federal law sets the minimum provisions for any state that opts to administer a Medicaid Program. These include hospital, physician, Early and Periodic Screening, Diagnostic and Treatment (EPSDT), lab and x-ray, skilled nursing home care, home health care, Federally Qualified Health Centers, rural health clinics, non-emergency transportation, and family planning services. Governor Blunt's Fiscal Year 2006 budget recommendations include continuing optional services for pregnant women, children, and individuals with visual impairments.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)

The 1115 Waiver is a federal-state effort to pay for the health care of uninsured children above existing Medicaid eligibility limits up to 300 percent of poverty and women's health services. Children will receive a benefit package equal to Medicaid coverage without non-emergency medical transportation.

The State Medical Program allows individuals who do not meet categorical eligibility criteria for Title XIX to receive nearly all of the same services which are reimbursed for Title XIX eligibles, including non-institutional, nursing facility, and hospital care. These individuals include Child Welfare Services, Blind Pension, Presumptive Eligibility for Pregnant Women recipients, and youth in the custody of the Division of Youth Services.

**MEDICAID EXPENDITURES
SELECTED SERVICES AND ANNUAL TOTALS**

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Average number of Fee-for-Service eligibles*	481,672	497,546	497,546
Average monthly cost per eligible for Fee-for-Service*	\$706.96	\$750.00	\$750.00
Average number of eligibles enrolled in managed care*	393,373	404,902	404,902
Average monthly cost per eligible for managed care*	\$146.13	\$156.00	\$156.00
Number of children receiving health care through 1115 Waiver	87,280	91,299	98,558
Average monthly cost per child in the 1115 Waiver	\$102.08	\$110.00	\$118.00
Number of EPSDT Screenings	93,669	94,000	95,000
*Excludes 1115 Waiver			
Pharmacy	\$ 951,467,547	\$ 1,163,673,538	\$ 950,597,573
Pharmacy-Medicare Part D-Clawback	0	0	315,319,650
Physician	295,059,857	357,429,580	377,249,746
Dental	9,361,437	33,025,810	10,566,657
Home- and Community-Based Services	269,374,167	298,238,424	0
Nursing Homes	436,330,750	467,907,183	436,567,966
Rehabilitation and Specialty Services	119,799,671	147,784,461	51,866,186
Managed Care	750,652,517	824,737,006	859,692,096
Hospital Care	562,813,690	667,838,537	669,689,581
Safety Net Hospitals	2,988,890	23,000,000	23,000,000
FRA, NFFRA, and UCC	652,818,472	627,000,000	627,000,000
Children's Health Insurance Program	85,287,974	112,118,121	132,798,716
Department of Elementary and Secondary Education Services	31,850,381	0	33,369,908
Health and Senior Services	4,403,929	0	0
Medicaid Supplemental Pool	245,208,787	154,198,085	35,698,085
Other Medicaid	88,515,643	108,835,332	134,523,780
Total	\$ 4,505,933,712	\$ 4,985,786,077	\$ 4,657,939,944

Fiscal Year 2006 Governor's Recommendations

- \$199,129,519 for additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures, including \$59,775,961 general revenue.
- \$139,927,118 to address the anticipated increases in the Pharmacy Program due to new drugs, therapies, and inflation, including \$53,285,693 general revenue.
- \$138,528,940 for anticipated caseload increases in Medicaid programs, including \$52,452,634 general revenue.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)

- \$50,118,092 to apply a 15 percent pharmacy trend factor and a 7 percent non-pharmacy trend factor for both utilization and cost component increases for managed care in the eastern, central, and western regions, including \$18,393,669 general revenue.
- \$46,167,426 to replace one-time hospital intergovernmental transfer funds including \$27,349,213 general revenue.
- \$33,369,908 transferred from the Department of Elementary and Secondary Education for Early and Periodic Screening, Diagnostic and Treatment services, including \$69,954 general revenue.
- \$32,124,151 for the remaining months of the 2005 managed care trend factor, including \$11,801,513 general revenue.
- \$30,926,087 for an adjustment to address the change in the federal participation percentage, including \$349,216 general revenue.
- \$17,732,495 for increased costs and utilization of pharmacy prescriptions by the elderly and those with disabilities, including \$6,784,453 general revenue.
- \$16,798,413 to replace nursing home intergovernmental transfer with general revenue.
- \$16,168,521 to compensate for anticipated increases in Medicare Part A and B premiums, including \$6,183,737 general revenue.
- \$10,001,344 to fund the state share of the Medicare Modernization Act – Part D clawback payments to the federal government.
- \$9,273,671 to replace Pharmacy Federal Reimbursement Allowance funds (338.550, RSMo) with general revenue that will be lost due to dual eligibles receiving pharmacy benefits through Medicare under the Medicare Modernization Act – Part D.
- \$333,847 to meet remaining obligations under expanded eligibility guidelines for the elderly and disabled, including \$127,730 general revenue.
- \$170,253 to fund the HB 1453 (2004) provision that eliminates the six-month waiting period for children with special health care needs to participate in the State Children's Health Insurance Program, including \$45,594 general revenue.
- (\$567,396,669) core reduction from the Fiscal Year 2005 appropriation level, including (\$200,591,120) general revenue.
- (\$241,575,521) transfer of the Home- and Community-Based Services funding to the Department of Health and Senior Services to consolidate the provision of in-home services, including (\$92,849,428) general revenue.
- (\$85,000,000) one-time core reduction in federal and other funds to process hospital payments.
- (\$48,338,375) one-time core reduction of hospital intergovernmental transfer funds for disproportionate share payments to hospitals.
- (\$33,500,000) federal and other funds core reduction to eliminate nursing facilities upper payment limit process to generate intergovernmental transfer funds.
- (\$32,447,102) core reduction due to changes in the federal participation percentage, including (\$31,625,867) general revenue.
- (\$20,000,000) core reduction of nursing home intergovernmental transfer funds.
- (\$18,675,600) federal and other funds core reduction due to a decrease in the enhanced dispensing fee resulting from the Medicare Modernization Act – Part D.
- (\$10,000,000) core reduction to annualize savings for prior authorizing psychotropic drugs, including (\$3,826,000) general revenue.
- (\$9,889,284) other funds core reduction due to a decrease in pharmacy tax earnings resulting from the shift of dual eligibles to prescription drug coverage under the Medicare Modernization Act – Part D.
- (\$1,793,367) core reduction in nursing homes due to increases in patient surpluses, including (\$686,142) general revenue.

STATE MEDICAL

	FY 2004	FY 2005	FY 2006
Caseload average for General Relief	3,033	3,100	0
Caseload average for Child Welfare Services	615	630	630
Caseload average for Blind Pension	2,835	2,839	2,839
Caseload average for the Division of Youth Services	564	576	576

Fiscal Year 2006 Governor's Recommendations

- \$1,437,409 to address the rising costs in the Pharmacy Program due to new drugs, therapies, and inflation.
- \$318,396 for additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures.
- (\$13,235,374) core reduction from the Fiscal Year 2005 appropriation level.

ELECTED OFFICIALS

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDED FY 2006
Office of the Chief Executive	\$ 2,042,820	\$ 2,176,431	\$ 2,194,115
Lieutenant Governor	376,797	413,793	417,303
Secretary of State	23,721,263	66,328,494	105,014,110
State Auditor	7,083,532	8,176,410	8,036,401
State Treasurer	23,316,069	20,249,608	20,274,454
Attorney General	19,580,422	24,430,800	24,908,309
TOTAL	\$ 76,120,903	\$ 121,775,536 *	\$ 160,844,692
General Revenue Fund	40,522,104	42,966,148	43,308,287
Federal Funds	5,381,990	36,306,937	74,914,507
Statutory County Recorder's Fund			
Treasurer's Information Fund	2,529	504,135	508,927
Secretary of State's Technology Trust Fund Account	2,380,470	3,003,401	3,004,210
Gaming Commission Fund	124,087	212,621	130,784
Central Check Mailing Service Revolving Fund	159,771	225,000	225,000
Natural Resources Protection Fund - Air			
Pollution Permit Fee Subaccount	36,976	37,875	38,207
Solid Waste Management Fund	37,479	38,399	38,731
Local Records Preservation Fund	1,273,430	1,714,390	1,723,657
Petroleum Storage Tank Insurance Fund	22,157	22,757	22,985
Motor Vehicle Commission Fund	0	45,892	46,238
Health Spa Regulatory Fund	3,532	5,000	5,000
Natural Resources Protection Fund - Water			
Pollution Permit Fee Subaccount	36,987	37,899	38,231
Attorney General's Court Costs Fund	185,800	187,000	187,000
Conservation Commission Fund	37,809	41,620	42,010
Parks Sales Tax Fund	18,883	19,483	19,678
Soil and Water Sales Tax Fund	31,200	32,109	32,408
Merchandising Practices Revolving Fund	1,512,158	2,516,922	2,572,684
State Highways and Transportation Department Fund	912,295	0	0
Petition Audit Revolving Trust Fund	124,607	839,231	775,597
Workers' Compensation Fund	349,036	445,119	496,424
Second Injury Fund	1,980,354	2,716,433	2,782,743
Lottery Enterprise Fund	48,862	50,081	50,582
Attorney General's Antitrust Trust Fund	0	0	50
Hazardous Waste Fund	36,970	37,875	38,207
Safe Drinking Water Fund	13,027	13,344	13,455
Missouri Office of Prosecution Services Fund	199,754	384,638	406,711
Hazardous Waste Remedial Fund	228,878	234,043	236,282
Investors Restitution Fund	194,600	55,000	55,000
Attorney General Trust Fund	0	1	1
Inmate Incarceration Reimbursement Act Revolving Fund	31,798	35,025	74,853
Secretary of State's Investor Education Fund	181,413	289,122	290,379
State Document Preservation Fund	36,395	12,355,219	12,362,936
Missouri Office of Prosecution Services Revolving Fund	109,598	150,000	150,000
Abandoned Fund Account	19,849,506	16,225,000	16,225,000
Mined Land Reclamation Fund	13,001	13,317	13,428
Secretary of State - Wolfner State Library Fund	43,447	14,500	14,500

* Does not include \$270,870, including \$66,749 general revenue, recommended in the Fiscal Year 2005 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Elected Officials supplemental appropriations.

OFFICE OF THE CHIEF EXECUTIVE

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDED FY 2006
Governor's Office and Mansion	\$ 1,845,997	\$ 2,026,279	\$ 2,079,801
National Guard Emergency	4,804	1	1
Association Dues	150,050	150,150	114,312
Special Audits	41,969	0	0
Governmental Emergency Fund	0	1	1
TOTAL			
General Revenue Fund	\$ 2,042,820	\$ 2,176,431	\$ 2,194,115
Full-time equivalent employees	33.45	41.00	35.00

GOVERNOR'S OFFICE AND MANSION

Article IV, Section 1 of the Missouri Constitution describes the duties and responsibilities of the Governor. This program includes the statutory salary of the Governor, funds for personnel in the Governor's offices and the mansion, and the expense and equipment costs for the offices and mansion.

Fiscal Year 2006 Governor's Recommendations

- \$17,684 for pay plan.
- (six) staff core reduction from the Fiscal Year 2005 appropriation level.

NATIONAL GUARD EMERGENCY/HOMELAND SECURITY

The Missouri National Guard, when called to active duty by the Governor under Section 41.480, RSMo, has the authority to restore law and order and assist in the disaster relief of any section of the state where circumstances exceed the resources of local civil authorities. The most common use of the guard has been for cleanup and security following natural disasters, such as a flood or tornado, and public action during a time of local disorder.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

**ELECTED OFFICIALS
OFFICE OF THE CHIEF EXECUTIVE**

ASSOCIATION DUES

The National Governors' Association is an instrument of the governors of the 50 states. It is intended to influence the development and implementation of national policy and apply creative leadership to state problems. The association works closely with the President and the Congress on state-federal policy issues from its offices in the Hall of the States in Washington, D.C. Through its Center for Policy Research, the association also serves as a vehicle for sharing knowledge of innovative programs among states and provides technical assistance to governors.

The Southern Governors' Association provides a forum of cooperation among governors of southern states to work together and with the federal government to meet the unique needs of the states in the region.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

SPECIAL AUDITS

Section 26.060, RSMo, authorizes the Governor to call for special audits of any entity receiving state funds when the public interest of the state will be served.

GOVERNMENTAL EMERGENCY FUND COMMITTEE

Sections 33.700 through 33.730, RSMo, creates the Governmental Emergency Fund Committee and allocation procedures for appropriations of emergency funds. Funds from this appropriation may be allocated by a majority vote of the Governmental Emergency Fund Committee members for the purpose of meeting emergency and unanticipated requirements. The committee consists of the Governor, Commissioner of Administration, the chair and ranking minority member of the Senate Appropriations Committee, the chair and ranking minority member of the House Appropriations Committee, and the director of the Division of Design and Construction who serves as an ex-officio consultant to the committee.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

LIEUTENANT GOVERNOR

Article IV, Section 10 of the Missouri Constitution describes the duties and responsibilities of the Lieutenant Governor. The statutory salary of the Lieutenant Governor and funds for the personnel and expense and equipment costs in operating the Office of the Lieutenant Governor are included in this program. The Lieutenant Governor presides over the Senate, is the Chair of the Missouri Senior Rx Program, the Co-Chair of the Personal Independence Commission, and the Secretary of the Board of Public Buildings and serves on the Missouri Development Finance Board, the Missouri Housing Development Commission, and the Second State Capitol Commission.

Proposition C, passed by voters in November 1992, established the Office of Advocacy and Assistance for the Elderly in the Lieutenant Governor's Office. The proposition also made the Lieutenant Governor a member of the Tourism, Economic Development, and Fund Commissioners boards and an advisor for educational programs.

Fiscal Year 2006 Governor's Recommendations

- \$3,510 for pay plan.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDED FY 2006
Personal Service	\$ 316,404	\$ 350,918	\$ 354,428
Expense and Equipment	<u>60,393</u>	<u>62,875</u>	<u>62,875</u>
TOTAL			
General Revenue Fund	\$ 376,797	\$ 413,793	\$ 417,303
Full-time equivalent employees	7.94	8.50	8.50

SECRETARY OF STATE

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDED FY 2006
Administration	\$ 13,874,385	\$ 14,683,075	\$ 15,358,976
Elections	202,891	28,903,582	66,403,582
Record Preservation Programs	212,366	12,961,393	12,871,108
Missouri Library Programs	9,431,621	9,780,444	10,380,444
TOTAL	\$ 23,721,263	\$ 66,328,494	\$ 105,014,110
PERSONAL SERVICE			
General Revenue Fund	6,598,578	6,909,859	6,978,954
Federal Funds	390,374	530,322	535,795
Secretary of State's Technology Trust Fund Account	76,327	80,905	81,714
Local Records Preservation Fund	809,914	916,663	925,930
Secretary of State's Investor Education Fund	86,248	125,658	126,915
State Document Preservation Fund	9,703	171,704	173,421
EXPENSE AND EQUIPMENT			
General Revenue Fund	5,741,439	3,961,302	3,051,301
Federal Funds	748,592	941,748	893,746
Election Administration Improvement Fund	158,952	3,749,990	3,749,990
Secretary of State's Technology Trust Fund Account	2,304,143	2,922,496	2,922,496
Local Records Preservation Fund	291,222	397,727	397,727
Secretary of State's Investor Education Fund	95,165	163,464	163,464
State Document Preservation Fund	1,692	12,019,255	12,025,255
Secretary of State - Wolfner State Library Fund	43,447	14,500	14,500
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	4,214,089	7,079,444	7,679,445
Federal Funds	1,759,484	2,474,185	2,588,185
Local Records Preservation Fund	172,294	400,000	400,000
Election Administration Improvement Fund	0	23,250,012	62,086,012
Investors Restitution Fund	194,600	55,000	55,000
State Document Preservation Fund	25,000	164,260	164,260
TOTAL	\$ 23,721,263	\$ 66,328,494	\$ 105,014,110
General Revenue Fund	16,554,106	17,950,605	17,709,700
Federal Funds	2,898,450	3,946,255	4,017,726
Election Administration Improvement Fund	158,952	27,000,002	65,836,002
Secretary of State's Technology Trust Fund Account	2,380,470	3,003,401	3,004,210
Local Records Preservation Fund	1,273,430	1,714,390	1,723,657
Investors Restitution Fund	194,600	55,000	55,000
Secretary of State's Investor Education Fund	181,413	289,122	290,379
State Document Preservation Fund	36,395	12,355,219	12,362,936
Secretary of State - Wolfner State Library Fund	43,447	14,500	14,500
Full-time equivalent employees	257.12	263.80	263.80

ELECTED OFFICIALS SECRETARY OF STATE

ADMINISTRATION

The Office of the Secretary of State is organized as follows:

Administrative Services – provides central budgeting, payroll, human resources, accounting, supplies, and mailroom services for all areas of the office. Responsibilities also include publication of the official manual of the state of Missouri, the Constitution, corporation laws, securities laws, the uniform commercial code manual, notary public laws, trademark laws, primary election returns, and the state and general assembly roster.

Elections Services – prepares ballots, certifies candidates, canvasses election returns, certifies initiative petitions, and maintains the statewide voter registration database.

Record Services – provides for the maintenance, retention, preservation, and disposal of official records of the state and local governments of Missouri.

Administrative Rules and Legal Services – serves as the central filing office for all rules and regulations promulgated by departments of the state of Missouri.

Securities Services – works to protect Missouri investors from fraud and maintains an orderly securities market in the state. The Securities Commissioner administers the Missouri Uniform Securities Act.

Business Services – administers the laws and filings of corporations and non-profit organizations. The division is the central filing office and custodian of all filings on business and professional loans. Additionally, the division commissions public notaries.

Missouri State Library – supports or works in concert with public, academic, and institutional libraries of the state with grant support, consultant services, development of criteria for establishment of libraries, collection development, and resource sharing. The library serves as a research and reference library for state government and the legislature and as the central outlet for census data information.

Wolfner Library for the Blind and Physically Handicapped – provides a variety of Braille, large print books, talking books recorded on cassette and discs, as well as cassette and disc playback equipment for eligible blind, visually impaired, physically disabled, and learning disabled citizens. The federal government, through the National Library Service, provides production of the materials, equipment, and postal charges for their distribution. The state of Missouri pays for staffing and the cost of housing the collections of material and equipment for staff to operate the service.

Fiscal Year 2006 Governor's Recommendations

- \$590,000 to publish the official manual as required by state statute.
- \$270 federal and other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$85,631 for pay plan, including \$69,095 general revenue.

ELECTIONS

Initiative, Referendum, and Constitutional Amendments Expenses – funds are provided to allow for the publication of the texts of initiative petitions and referendums in newspapers prior to their consideration by the electorate of the state of Missouri. Payments are made in accordance with Chapter 125, RSMo, for constitutional amendments and Chapter 126, RSMo, for initiative petitions and referendums.

Absentee Ballots – funds are provided to allow for fees and costs for establishing and maintaining the business reply and postage-free mail for absentee envelopes returned by voters, in accordance with Section 115.285, RSMo.

ELECTED OFFICIALS SECRETARY OF STATE

ELECTIONS (Continued)

Election Printing and Federal Election Reform – provisional ballot envelopes must be provided for local election authorities to use in elections of federal candidates, statewide candidates, or statewide issues. In addition, the Elections Division must print and distribute voter registration applications in accordance with federal laws.

Fiscal Year 2006 Governor's Recommendations

- \$39,000,000 federal funds to implement the federal Help America Vote Act.
- (\$1,500,000) for one-time expenditures.

RECORD PRESERVATION PROGRAMS

Local Records Grants – these funds are user fees designated for local records preservation. Missouri local governments submit proposals that address their specific needs in archive/records management. The Historical Records Advisory Board in concert with the Local Records Program Fiscal Grants Officer will establish priorities, implement, and audit the return of money to local governments.

Document Preservation – these funds are private donations designated for preservation of documents of legal, historical, and genealogical importance to the state of Missouri.

Fiscal Year 2006 Governor's Recommendations

- \$6,000 other funds for the Americorps Education Award.
- \$1,717 other funds for pay plan.
- (\$98,002) federal funds for one-time expenditures.

MISSOURI LIBRARY PROGRAMS

State Aid for Public Libraries – the Missouri Constitution authorizes the state to support and aid public libraries. Consistent with this authority and the procedure set out in Section 181.060, RSMo, the Missouri State Library distributes funds to eligible public libraries on the basis of population served by the library district. A public library becomes eligible for participation if it has voted a local tax of at least ten cents per one hundred dollars assessed valuation. Local libraries use state funds to supplement local support.

Remote Electronic Access for Libraries – the Remote Electronic Access for Libraries (REAL) project is designed to connect all public libraries in Missouri to each other and the Internet through dedicated data connections. Library patrons will have quick access to resources beyond those available solely within their community.

Literacy Investment for Tomorrow – the Missouri State Library serves as fiscal agent for the state literacy resource center, Literacy Investment for Tomorrow (LIFT) in St. Louis. The center promotes and develops resources for organizations that provide literacy services.

Federal Aid for Public Libraries – the Missouri State Library administers federal grants under the federal Library Services and Construction Act. The library distributes funds to local public libraries for personnel, books, other library materials, and for general operating expenses to develop and improve library services. In addition, funds are available to local groups of libraries for improving local library cooperation. All costs for cooperative projects, except book purchases and building construction, are eligible for funding.

Fiscal Year 2006 Governor's Recommendations

- \$600,000 transferred to the Library Networking Fund for increased assistance to public libraries.

STATE AUDITOR

The State Auditor's Office works to ensure the proper use of public funds and to improve the efficiency and effectiveness of Missouri government by performing audits of state agencies, boards and commissions, the circuit court system, third-class counties, and other political subdivisions upon petition by the voters. These audits examine financial accountability, waste, opportunities for fraud, and whether government organizations and programs are achieving their purposes and operating economically and efficiently. All audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. The audit reports are delivered to the Governor, the General Assembly, the auditee, and interested citizens. The State Auditor also provides an annual audit of the state's comprehensive annual financial report and federal grant programs administered by the state, reviews and registers general obligation bond issues of the state's political subdivisions, prepares fiscal notes for ballot initiatives, performs an Annual Forfeiture Report, and reviews property tax rates proposed by political subdivisions for compliance with state law.

Fiscal Year 2006 Governor's Recommendations

- \$69,991 for pay plan, including \$57,482 general revenue.
- (\$210,000) federal and other funds and (nine) staff core reduction from the Fiscal Year 2005 appropriation level.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDED FY 2006
PERSONAL SERVICE			
General Revenue Fund	\$ 5,510,619	\$ 5,748,116	\$ 5,805,598
Federal Funds	199,343	478,432	441,473
Gaming Commission Fund	3,513	60,247	0
Conservation Commission Fund	37,809	39,009	39,399
Parks Sales Tax Fund	18,883	19,483	19,678
Soil and Water Sales Tax Fund	18,187	18,787	18,975
State Highways and Transportation Department Fund	432,958	0	0
Petition Audit Revolving Trust Fund	109,614	786,615	743,981
EXPENSE AND EQUIPMENT			
General Revenue Fund	712,330	902,947	902,947
Federal Funds	10,006	44,967	30,123
Gaming Commission Fund	75	22,580	0
Conservation Commission Fund	0	2,611	2,611
State Highways and Transportation Department Fund	15,202	0	0
Petition Audit Revolving Trust Fund	14,993	52,616	31,616
TOTAL	\$ 7,083,532	\$ 8,176,410	\$ 8,036,401
General Revenue Fund	6,222,949	6,651,063	6,708,545
Federal Funds	209,349	523,399	471,596
Gaming Commission Fund	3,588	82,827	0
Conservation Commission Fund	37,809	41,620	42,010
Parks Sales Tax Fund	18,883	19,483	19,678
Soil and Water Sales Tax Fund	18,187	18,787	18,975
State Highways and Transportation Department Fund	448,160	0	0
Petition Audit Revolving Trust Fund	124,607	839,231	775,597
Full-time equivalent employees	146.88	178.27	169.27

STATE TREASURER

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDED FY 2006
Administration	\$ 3,451,922	\$ 2,724,607	\$ 2,749,453
Issuing Duplicate and Outdated Checks	1,124,492	1,525,000	1,525,000
Abandoned Fund Account	18,739,655	16,000,001	16,000,001
TOTAL	\$ 23,316,069	\$ 20,249,608	\$ 20,274,454
PERSONAL SERVICE			
General Revenue Fund	1,321,106	1,417,312	1,431,487
Treasurer's Information Fund	0	479,135	483,927
State Highways and Transportation Department Fund	464,135	0	0
Second Injury Fund	36,674	37,875	38,254
EXPENSE AND EQUIPMENT			
General Revenue Fund	354,576	312,005	317,505
Treasurer's Information Fund	2,529	25,000	25,000
Central Check Mailing Service Revolving Fund	159,771	225,000	225,000
Second Injury Fund	3,280	3,280	3,280
Abandoned Fund Account	1,109,851	225,000	225,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	1,124,492	1,525,001	1,525,001
Abandoned Fund Account	18,739,655	16,000,000	16,000,000
TOTAL	\$ 23,316,069	\$ 20,249,608	\$ 20,274,454
General Revenue Fund	2,800,174	3,254,318	3,273,993
Treasurer's Information Fund	2,529	504,135	508,927
Central Check Mailing Service Revolving Fund	159,771	225,000	225,000
State Highways and Transportation Department Fund	464,135	0	0
Second Injury Fund	39,954	41,155	41,534
Abandoned Fund Account	19,849,506	16,225,000	16,225,000
Full-time equivalent employees	49.68	49.40	49.40

ADMINISTRATION

The State Treasurer is responsible for receiving and investing state moneys, posting receipts to the proper funds, and signing warrants drawn according to law. As custodian of those funds, the Treasurer determines the amount of state moneys not needed for current operating expenses and invests those funds in interest-bearing time deposits in Missouri banking institutions or in short-term United States government obligations. The Treasurer is required to give due consideration to the preservation of state funds and the comparative yields available. The Treasurer also must determine whether the general welfare of the state is better served by investing state funds in United States securities or within the Missouri banking system.

The Treasurer also administers the state's unclaimed property law by collecting unclaimed or abandoned funds and property belonging to Missouri citizens and trying to locate the owners.

Fiscal Year 2006 Governor's Recommendations

- \$5,500 to monitor companies doing business in Northern Ireland.
- \$19,346 for pay plan, including \$14,175 general revenue.

**ELECTED OFFICIALS
STATE TREASURER**

ISSUING DUPLICATE AND OUTLAWED CHECKS

These functions allow payment of claims against the state in cases where checks are not presented for payment within 12 months of issuance as required by law and in cases where checks are presented for payment more than five years after the date of issuance.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

ABANDONED FUND ACCOUNT

In accordance with Section 447.543, RSMo, the Abandoned Fund Account has the two-fold purpose of receiving funds that have remained unclaimed for a period of seven years and making the payment of valid claims. Any time the fund exceeds \$50,000, the Treasurer may, and at least once every year shall, transfer the excess to general revenue. If verified claims for payment should reduce the balance in the account to less than \$25,000, the Treasurer shall transfer from general revenue an amount sufficient to restore the fund to \$50,000.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

ATTORNEY GENERAL

The Attorney General takes legal action to protect the rights and interests of the state, defends or prosecutes appeals to which the state is a party, provides opinions regarding state law, and assists prosecuting attorneys in the prosecution of cases. The Office of the Attorney General has several responsibilities for which specific funds have been established by law.

Section 27.080, RSMo, established the Attorney General's Court Costs Fund to receive deposits and make payments of court costs in litigation requiring the appearance of the Attorney General. This fund is supplemented by a transfer from general revenue.

Section 416.081, RSMo, created the Antitrust Revolving Fund which is made up of deposits of ten percent of any court settlement of antitrust litigation involving the Attorney General. This fund is supplemented by a transfer from general revenue.

Chapter 287, RSMo, provides for the Attorney General to charge the Second Injury Fund for the cost of defending the fund.

Section 56.750, RSMo, establishes the Missouri Office of Prosecution Services within the Attorney General's Office. The Prosecution Services Office is funded through fees assessed as court costs in criminal cases. The office was established to develop uniform training and procedures for Missouri's prosecuting attorneys.

Sections 407.1070 to 407.1085, RSMo, established a no-call database to be maintained by the Attorney General for citizens who object to receiving telephone solicitations at home.

Fiscal Year 2006 Governor's Recommendations

- \$448,200 and 11 staff to seek judicial action on pending parental termination cases, including \$114,926 general revenue.
- \$285,000 and ten staff to represent the Department of Social Services on the rebasing calculation for nursing homes, including \$84,500 general revenue.
- \$251,220 and six staff to increase recoveries for elected officials and departments in state government.
- \$101,565 and two staff to enforce provisions relating to collection of tobacco settlement payments.
- \$39,595 other funds and one staff to seek reimbursement for costs of care of inmates incarcerated within the Department of Corrections' facilities.
- \$20,000 other funds for the Missouri Office of Prosecution Services to provide reimbursements to counties for witness protection services.
- \$1,680 federal and other funds for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- \$154,520 for pay plan, including \$103,376 general revenue.
- \$146,736 other funds transferred from the statewide leasing budget.
- (\$888,654) and (27) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$170,894) general revenue.
- (\$82,353) federal funds transferred to the statewide leasing budget.

ELECTED OFFICIALS

ATTORNEY GENERAL (Continued)

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDED FY 2006
Administration	\$ 19,063,798	\$ 22,838,414	\$ 23,292,582
Missouri Office of Prosecution Services	516,624	1,592,386	1,615,727
TOTAL	\$ 19,580,422	\$ 24,430,800	\$ 24,908,309
PERSONAL SERVICE			
General Revenue Fund	9,896,179	10,487,830	10,842,990
Federal Funds	1,706,769	2,414,799	2,234,965
Gaming Commission Fund	119,716	99,047	100,037
Merchandising Practices Revolving Fund	598,663	622,062	628,912
Workers' Compensation Fund	268,496	239,318	241,711
Second Injury Fund	1,576,227	1,651,804	1,668,823
Missouri Office of Prosecution Services Fund	138,490	207,324	209,397
Hazardous Waste Remedial Fund	218,713	223,878	226,117
Other Funds	254,441	296,632	324,651
EXPENSE AND EQUIPMENT			
General Revenue Fund	2,393,179	1,797,508	1,927,041
Federal Funds	349,083	2,322,482	2,254,218
Gaming Commission Fund	783	30,747	30,747
Attorney General's Court Costs Fund	185,800	187,000	187,000
Merchandising Practices Revolving Fund	913,495	1,894,860	1,943,772
Workers' Compensation Fund	80,540	205,801	254,713
Second Injury Fund	364,173	787,941	1,072,386
Missouri Office of Prosecution Services Fund	61,264	177,314	177,314
Hazardous Waste Remedial Fund	10,165	10,165	10,165
Missouri Office of Prosecution Services Revolving Fund	109,598	150,000	150,000
Other Funds	39,361	54,155	68,750
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	235,900	234,600	234,600
Federal Funds	59,387	100,000	100,000
Second Injury Fund	0	235,533	0
Missouri Office of Prosecution Services Fund	0	0	20,000
TOTAL	\$ 19,580,422	\$ 24,430,800	\$ 24,908,309
General Revenue Fund	12,525,258	12,519,938	13,004,631
Federal Funds	2,115,239	4,837,281	4,589,183
Gaming Commission Fund	120,499	129,794	130,784
Attorney General's Court Costs Fund	185,800	187,000	187,000
Merchandising Practices Revolving Fund	1,512,158	2,516,922	2,572,684
Workers' Compensation Fund	349,036	445,119	496,424
Second Injury Fund	1,940,400	2,675,278	2,741,209
Missouri Office of Prosecution Services Fund	199,754	384,638	406,711
Hazardous Waste Remedial Fund	228,878	234,043	236,282
Missouri Office of Prosecution Services Revolving Fund	109,598	150,000	150,000
Other Funds	293,802	350,787	393,401
Full-time equivalent employees	397.34	417.05	420.05

JUDICIARY

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Supreme Court	\$ 4,427,691	\$ 6,827,810	\$ 7,466,058	\$ 7,118,938
Office of State Courts Administrator	21,359,452	31,786,512	31,198,744	27,680,140
Courts of Appeal	9,957,500	10,158,294	10,766,556	10,061,085
Circuit Courts	109,665,205	114,825,032	129,900,210	115,893,086
Drug Courts	3,303,377	3,321,500	8,835,614	3,321,500
Commission on Retirement, Removal, and Discipline of Judges	180,389	193,161	193,161	194,665
Appellate Judicial Commission	15,993	7,741	21,841	21,841
TOTAL	\$ 148,909,607	\$ 167,120,050	\$ 188,382,184	\$ 164,291,255
General Revenue Fund	136,982,040	140,830,307	166,288,530	142,142,827
Federal Funds	6,186,858	17,082,777	12,881,488	12,918,360
Third Party Liability Collections Fund	272,680	356,912	356,912	359,201
Statewide Court Automation Fund	4,331,611	5,009,944	5,009,944	5,024,091
Supreme Court Publications Revolving Fund	107,691	150,000	150,000	150,000
Missouri CASA Fund	101,332	200,000	100,000	100,000
Crime Victims' Compensation Fund	351,999	632,000	887,200	887,200
Basic Civil Legal Services Fund	0	2,085,710	2,085,710	2,086,461
Supreme Court Administrative Revolving Fund	95,926	180,000	230,000	230,000
Domestic Relations Resolution Fund	479,470	592,400	392,400	393,115
Full-time equivalent employees	3,296.77	3,368.47	3,829.11	3,374.05

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides a total of \$164.3 million for the Judiciary. The Judiciary ensures Missourians have an equitable and accessible forum for the adjudication of civil disputes and criminal charges.

Continuing Court Automation

Initiated by legislation in 1994, the Missouri Court Automation project uses information technology to address the problems associated with crowded dockets, crime rates, complex civil litigation, increasing statutory reporting requirements, and rapidly growing domestic relations caseloads. The fundamental strategic goal is to build an integrated court system that renders geography largely irrelevant with greater efficiency, wider access, and enhanced accountability for the litigant and taxpayer.

During Fiscal Year 2005, an additional 4.6 percent of the circuit court caseload and 24.5 percent of the juvenile caseload were added to the courts' case management system. After additional caseloads are integrated into the system, ongoing funds are required to maintain the information system's components and sustain the increased capacity.

The Governor recommends \$255,200 in other funds for ongoing costs to support statewide court automation.

JUDICIARY

SUPREME COURT

The Supreme Court has exclusive appellate jurisdiction in all cases involving: the validity of a treaty or statute of the United States or of a statute or provision of the Missouri Constitution; the construction of the state's revenue laws; the title to any state office; and, in all cases, where the punishment imposed is death. In addition, the court may order cases transferred to it from the Court of Appeals if the cases involve questions of general interest or importance, if the court thinks the existing law should be reexamined, if the opinion conflicts with prior opinions, or for other reasons provided by rule of the court. The Court of Appeals also may order a case transferred to the Supreme Court after opinion either by order of the Court of Appeals itself, or by the dissent of a court of appeals judge.

The court is also authorized by the Constitution to establish rules for practice and procedure in the courts and to make temporary transfers of judicial personnel. In addition to its decision-making powers, the Supreme Court supervises all lower courts in the state, (assisted by the Office of State Courts Administrator) licenses all lawyers practicing in Missouri, and disciplines those found guilty of violating the Rules of Professional Conduct.

Fiscal Year 2006 Governor's Recommendations

- \$99,393 federal funds and two staff to execute expanded duties for the Sentencing Advisory Commission as mandated in SB 5 (2003).
- \$39,375 for pay plan, including \$34,508 general revenue.
- \$152,360 federal funds transferred from the Office of the State Courts Administrator.

OFFICE OF STATE COURTS ADMINISTRATOR

The Office of State Courts Administrator fulfills the administrative obligations of the Supreme Court, which are mandated under the judicial article and the statutes. Staff of the office provides technical assistance, statistical analysis, financial system analysis, and continuing education functions for the courts. The office assists in policy direction for the Statewide Judicial Information System (SWJIS), collects and analyzes caseload data from the courts, develops and operates appellate and circuit record-keeping systems, develops and operates administrative systems, prepares the judicial budget, and maintains the personnel system for the courts. The office processes payrolls for all state-paid circuit court employees and all other state expenditures of the Supreme Court and circuit courts.

Fiscal Year 2006 Governor's Recommendations

- \$255,200 other funds to continue support of automated case management.
- \$46,958 federal funds and one staff to implement the provisions of HB 1454 (2004) relating to timely permanency planning for juveniles.
- \$91,470 for pay plan, including \$57,821 general revenue.
- (\$4,347,640) federal funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$152,360) federal funds transferred to the Supreme Court for the Sentencing Advisory Commission.

JUDICIARY

COURT OF APPEALS

Missouri's current appellate structure—a single Court of Appeals consisting of three districts—was established by a 1970 constitutional amendment. The Eastern District sits in St. Louis, the Western District sits in Kansas City, and the Southern District holds sessions in Springfield and Poplar Bluff. The number of judges in each district is set by statute. The Eastern District has 14 judges, the Western District has 11 judges, and the Southern District has 7 judges.

The Court of Appeals may issue and determine original remedial writs and has general appellate jurisdiction in all cases not within the exclusive jurisdiction of the Supreme Court. Cases not within the Supreme Court's exclusive jurisdiction may be transferred from the Court of Appeals to the Supreme Court when it is determined that a case involves an important issue that should be decided by the state's highest court.

Fiscal Year 2006 Governor's Recommendations

- \$87,898 for pay plan.
- (\$185,107) transferred to the statewide leasing budget.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Western District	\$ 3,371,818	\$ 3,422,833	\$ 3,452,758
Eastern District	4,330,720	4,436,105	4,475,665
Southern District	2,254,962	2,299,356	2,132,662
TOTAL	\$ 9,957,500	\$ 10,158,294	\$ 10,061,085
Personal Service	8,488,817	8,789,898	8,877,796
Expense and Equipment	1,468,683	1,368,396	1,183,289
TOTAL			
General Revenue Fund	\$ 9,957,500	\$ 10,158,294	\$ 10,061,085

Full-time equivalent employees	154.63	158.85	158.85
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CIRCUIT COURTS

Circuit courts are established by Article V, Section 1 of the Constitution of Missouri. The boundaries, circuit number, and inclusive counties of the 45 circuits are established by Chapter 478, RSMo. The circuit court is the exclusive trial court in Missouri. It is comprised of circuit judges, associate circuit judges, and municipal judges. Municipalities under 400,000 population may, and those over 400,000 must, make provision for judges to hear municipal ordinance violations. If such provision is not made, municipalities will file such cases before an associate circuit judge.

Fiscal Year 2006 Governor's Recommendations

- \$124,260 and two staff for an additional judge and support clerk for the 11th circuit, St. Charles County, pursuant to Section 478.320, RSMo.
- \$56,000 and .58 staff for full year funding of an additional judge and support clerk for the 23rd circuit, Jefferson County, pursuant to Section 478.320, RSMo.
- \$50,000 other funds for entitlement programs such as transcription fees and courtroom interpreters.
- \$26,928 for statutory salary increases for circuit clerks in four counties that moved into a new classification on January 1st, 2005 (Butler, Lincoln, Newton, and Scott counties)
- \$1,110,866 for pay plan, including \$1,094,608 general revenue.
- (\$300,000) other funds core reduction from the Fiscal Year 2005 appropriation level.

JUDICIARY

DRUG COURTS

The main purpose of a drug court program is to use the authority of the court to reduce crime by changing defendants' drug-using behavior. Under this concept, defendants are diverted to drug court programs in various ways and at various stages of the judicial process, depending on the circumstances. Drug courts provide the court system an additional tool to reduce the number of people coming into the court and penal systems because of substance abuse by reducing the rate of recidivism. Additionally, providing drug treatment programs decreases the negative consequences of drug abuse such as a reduction in the number of additional cases filed involving family disputes, abuse and neglect, truancy, property crimes, and crimes of violence.

In 1998, the legislature passed HB 1147, which allows any circuit to establish a drug court that shall combine judicial supervision, drug testing, and treatment of drug court participants. House Bill 471, passed by the General Assembly in 2001, established a "Drug Court Coordinating Commission" (DCCC), composed of eight members: one member selected by the director of the Department of Corrections; one member selected by the director of the Department of Social Services; one member selected by the director of the Department of Mental Health; one member selected by the director of the Department of Public Safety; one member selected by the Office of State Courts Administrator; and three members selected by the Supreme Court. The commission is to evaluate, secure, coordinate, and allocate funding resources to the various drug courts around the state.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

COMMISSION ON RETIREMENT, REMOVAL, AND DISCIPLINE OF JUDGES

The Commission on Retirement, Removal, and Discipline of Judges, authorized in Article V, Section 24 of the Missouri Constitution, receives and investigates all requests and suggestions concerning retirement for disability and all complaints concerning misconduct of judges, members of the judicial commissions, and members of this commission. The commission is composed of two citizens who are not members of the bar and who are appointed by the Governor, two lawyers appointed by the governing body of the Missouri Bar, one judge of the Courts of Appeal selected by a majority of the judges of the Courts of Appeal, and one judge of the circuit courts selected by a majority of the circuit judges of this state.

Fiscal Year 2006 Governor's Recommendations

- \$1,504 for pay plan.

APPELLATE JUDICIAL COMMISSION

The Appellate Judicial Commission consists of a judge of the Supreme Court, one member of the bar from each appeals district, and one citizen not a member of the bar from each appeals district. The commission considers vacant judgeships of the Supreme Court or the Courts of Appeal. The Circuit Judicial Commission consists of the chief judge of the Courts of Appeal over the district, two members of the bar residing in the judicial circuit, and two citizens not members of the bar residing in the circuit. This commission considers vacancies in the office of circuit judge or associate circuit judge in those districts subject to nonpartisan selection of judges.

Fiscal Year 2006 Governor's Recommendations

- \$14,100 for election costs in the Eastern District.

OFFICE OF THE STATE PUBLIC DEFENDER

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Defender Services	\$ 25,551,936	\$ 26,221,780	\$ 44,810,525	\$ 26,451,626
Federal Grants	0	125,000	125,000	125,000
Legal Defense and Defender Fund	1,141,187	1,218,134	1,968,134	1,968,743
Homicide/Conflict of Interest Cases	<u>2,266,933</u>	<u>2,241,502</u>	<u>2,241,502</u>	<u>2,241,502</u>
DEPARTMENT TOTAL	\$ 28,960,056	\$ 29,806,416 *	\$ 49,145,161	\$ 30,786,871
PERSONAL SERVICE				
General Revenue Fund	21,395,983	22,984,589	35,880,703	23,214,435
Legal Defense and Defender Fund	40,086	60,778	60,778	61,387
EXPENSE AND EQUIPMENT				
General Revenue Fund	6,422,886	5,478,693	11,171,324	5,478,693
Legal Defense and Defender Fund	1,075,096	1,125,876	1,875,876	1,875,876
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	0	125,000	125,000	125,000
Legal Defense and Defender Fund	<u>26,005</u>	<u>31,480</u>	<u>31,480</u>	<u>31,480</u>
TOTAL	\$ 28,960,056	\$ 29,806,416	\$ 49,145,161	\$ 30,786,871
General Revenue Fund	27,818,869	28,463,282	47,052,027	28,693,128
Federal Funds	0	125,000	125,000	125,000
Legal Defense and Defender Fund	1,141,187	1,218,134	1,968,134	1,968,743
Full-time equivalent employees	541.06	560.13	825.38	560.13

* Does not include \$750,000 legal defense and defender funds recommended in the Fiscal Year 2005 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Office of the State Public Defender supplemental appropriations.

POLICY SUMMARY

The Sixth Amendment of the U.S. Constitution assures that no person accused of a crime and unable to pay for legal assistance shall face trial without counsel. Established in 1982, the Office of the State Public Defender exists as a system for providing defense services to every jurisdiction within the state by means of a centrally administered organization having a full-time staff. The State Public Defender System fulfills the constitutional guarantee of legal counsel for persons accused of criminal offenses in Missouri's 45 judicial circuits (embracing 114 counties and the City of St. Louis).

Functioning as an independent department of the Missouri judicial branch, the Office of the State Public Defender is charged with providing legal defense for indigents accused of criminal offenses. The office's caseload has grown from 73,738 cases in Fiscal Year 1999 to 98,336 projected cases in Fiscal Year 2006, an increase of 33 percent.

A properly funded public defender system is essential to maintain an efficient, effective, and constitutional criminal justice system. Therefore, the Governor's recommendations provide ongoing funding of \$30.8 million.

Fiscal Year 2006 Governor's Recommendations

- \$750,000 other funds for training purposes.
- \$230,455 for pay plan, including \$229,846 general revenue.

GENERAL ASSEMBLY

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	DEPARTMENT REQUEST
Expenses of the Senate	\$ 10,245,975	\$ 10,657,627	\$ 10,745,432
Expenses of the House of Representatives	17,414,003	18,691,403	18,829,084
Missouri Commission on Interstate Cooperation	80,000	40,000	40,000
Committee on Legislative Research	1,787,134	2,154,199	2,172,208
Interim Committees of the General Assembly	3,193	2,000	2,000
TOTAL	\$ 29,530,305	\$ 31,545,229	\$ 31,788,724
General Revenue Fund	29,444,024	31,352,538	31,595,814
House of Representatives Revolving Fund	39,993	45,000	45,000
Senate Revolving Fund	15,030	40,000	40,000
Statutory Revision Fund	31,258	107,691	107,910
Full-time equivalent employees	701.50	722.84	722.84

GENERAL ASSEMBLY

EXPENSES OF THE SENATE

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and the Senate. The Senate is composed of 34 members elected for four-year terms.

The budget of the Senate includes funding for members' statutory salaries; travel reimbursement of 33 cents per mile; a per diem that is 80 percent of the federal per diem, now \$76; staff support; and interim committee expenses. The Senate appropriation also includes funds for several joint committees.

Fiscal Year 2006 Request

- \$87,805 for pay plan.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	DEPARTMENT REQUEST
Salaries of Members	\$ 1,057,908	\$ 1,071,448	\$ 1,082,162
Mileage of Members	54,829	56,435	56,435
Per Diem of Members	200,290	226,100	226,100
Senate Contingent Expenses	8,533,998	8,709,120	8,781,997
Joint Contingent Expenses	48,211	100,000	100,000
Joint Committee on Administrative Rules	87,328	119,707	120,603
Joint Committee on Retirement Systems	142,101	155,000	156,381
Joint Committee on Capital Improvements	110,174	118,964	119,964
Joint Committee on Transportation	11,136	100,853	101,790
TOTAL	\$ 10,245,975	\$ 10,657,627	\$ 10,745,432
General Revenue Fund	10,230,945	10,617,627	10,705,432
Senate Revolving Fund	15,030	40,000	40,000
Full-time equivalent employees	231.08	227.00	227.00

GENERAL ASSEMBLY

EXPENSES OF THE HOUSE OF REPRESENTATIVES

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and the Senate. The House is composed of 163 members who are elected for two-year terms.

The budget of the House of Representatives includes funding for the members' statutory salaries; a per diem that is 80 percent of the federal per diem, now \$76; travel reimbursement of 33 cents per mile; and staff support.

Fiscal Year 2006 Request

- \$137,681 for pay plan.

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	DEPARTMENT REQUEST
Salaries of Members	\$ 5,084,755	\$ 5,117,283	\$ 5,168,457
Mileage of Members	282,969	342,660	342,660
Per Diem of Members	916,636	1,083,950	1,083,950
House Contingent Expenses	9,794,152	10,537,710	10,624,047
Representatives' Expense Vouchers	1,295,498	1,564,800	1,564,970
House Revolving Fund	39,993	45,000	45,000
TOTAL	\$ 17,414,003	\$ 18,691,403	\$ 18,829,084
General Revenue Fund	17,374,010	18,646,403	18,784,084
House of Representatives Revolving Fund	39,993	45,000	45,000
Full-time equivalent employees	431.02	449.84	449.84

GENERAL ASSEMBLY

INTERSTATE ORGANIZATIONS

Missouri's dues to the Council of State Governments, the National Conference of State Legislatures, and the National Conference of Commissioners on Uniform State Laws are paid from these funds.

Fiscal Year 2006 Request

Continue funding at the current level.

COMMITTEE ON LEGISLATIVE RESEARCH

ADMINISTRATION

In accordance with Sections 23.010 through 23.190, RSMo, a permanent joint committee of the General Assembly is established, comprised of the chair of the Senate Appropriations Committee and nine other senators, and the chair of the House Budget Committee and nine other representatives. The Committee on Legislative Research has staff support to perform the following services for the members of the General Assembly:

- Provide a research and reference service on legislative issues.
- Make investigations into legislative and governmental institutions to aid the General Assembly.
- Assist any interim legislative committee or commission created by the General Assembly.
- Draft or aid in drafting bills, resolutions, memorials, and amendments.
- Prepare fiscal notes for legislation introduced in either house of the General Assembly.
- Conduct management audits and performance audits of state agencies.
- Maintain a legislative library for a reference service to the General Assembly and public.

Fiscal Year 2006 Request

- \$17,286 for pay plan.

PUBLISHING REVISED STATUTES

Article III, Section 34, of the Missouri Constitution requires a complete reprinting of the Revised Statutes of Missouri at least every ten years. Funds are provided during interim years to publish cumulative supplements to the revised statutes.

Fiscal Year 2006 Request

- \$723 for pay plan, including \$504 general revenue.

INTERIM COMMITTEES

These are statutory committees composed of members of the House and Senate and, in some cases, gubernatorial appointees.

Fiscal Year 2006 Request

Continue funding at the current level.

STATEWIDE LEASING

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Department of Elementary & Secondary Education	\$ 2,965,688	\$ 3,237,584	\$ 2,993,277	\$ 2,993,277
Department of Higher Education	240,284	282,232	246,062	246,062
Department of Revenue	1,813,685	2,163,707	2,032,470	1,676,523
Office of Administration	259,554	287,622	343,369	343,369
Department of Agriculture	318,793	386,826	338,686	338,686
Department of Natural Resources	2,102,786	2,296,355	2,000,465	2,000,465
Department of Economic Development	2,658,284	3,169,589	2,714,410	2,714,410
Department of Insurance	8,280	13,311	8,461	8,461
Department of Labor and Industrial Relations	743,467	919,887	770,114	770,114
Department of Public Safety	1,742,449	2,841,757	2,344,147	2,344,147
Department of Corrections	6,003,432	6,537,496	6,225,623	6,225,623
Department of Mental Health	2,438,633	2,689,400	2,378,993	2,378,993
Department of Health and Senior Services	3,537,959	3,831,858	3,827,589	3,827,589
Department of Social Services	16,800,050	18,699,718	16,594,162	16,594,162
Elected Officials	937,944	1,095,664	840,984	840,984
Judiciary	825,155	1,960,328	2,169,510	2,169,510
Operating Budget Transfer	0	3	3	3
TOTAL	\$ 43,396,443	\$ 50,413,337	\$ 45,828,325	\$ 45,472,378
General Revenue Fund	25,084,261	27,429,258	27,000,165	26,587,109
Federal Funds	13,043,365	17,068,557	13,958,536	13,958,536
Other Funds	5,268,817	5,915,522	4,869,624	4,926,733

POLICY SUMMARY

The state leases 476 facilities including offices, warehouses, parking, schools, labs, and other structures totaling over four million square feet to accommodate approximately 13,800 state employees. The Division of Facilities Management (DFM) in the Office of Administration is the state agency responsible for procurement and management of the leases, as well as facility oversight, payment processing, and budgeting for all state agencies except the Departments of Conservation, Transportation, and the General Assembly. The State of Missouri uses negotiation and competitive public bids to acquire leased space.

Competitive Lease Rates and Space Consolidation Efforts

The Fiscal Year 2006-2007 biennial leasing budget includes core reductions due in part to competitive lease rates and space savings achieved through lease consolidation. The statewide leasing obligation for real property leases is requested in a biennial central appropriations bill allowing DFM to efficiently procure leased space. Consolidation of state agencies within owned and leased space facilities and termination of leases that are underutilized as a result of downsizing remains a high priority for DFM. In addition, further consolidation of warehousing continues statewide, including consolidation of Jefferson City warehouses at the old Missouri State Penitentiary site.

Reduced Rental Rates and Leasing Costs

DFM continues to review expiring leases and negotiate with existing landlords to reduce rental rates. DFM will continue to negotiate buyouts of some lease contracts to avoid long-term costs.

Benchmarking

DFM conducts benchmark comparisons with the Federal General Services Administration (GSA) and other state governments to ensure that the State of Missouri rates are competitive. The State of Missouri rental rates are comparable or below GSA and other state rates.

STATEWIDE LEASING

POLICY SUMMARY (Continued)

Lease Contract Requirements and Lease vs. Buy Analysis

DFM is reviewing lease specifications and contract requirements in order to maximize the state's flexibility and adaptation to changing governmental requirements. Lease vs. Buy analyses are also currently being conducted for several leased facilities to determine whether to continue to lease, purchase, or obtain purchase options. DFM will continue to involve private real estate consultants to ensure efficient space utilization, an appropriate ratio of owned vs. leased space, and to assist in ensuring the best possible real estate practices and costs.

Market Rate Analysis

Market Analyses by real estate consultants have been conducted of comparable rental rates in various areas of the state. The State of Missouri lease rates are below the market rates:

<u>LOCATION</u>	<u>MARKET RANGE*</u>	<u>STATE OF MISSOURI RATES**</u>
Metro: (Kansas City, Jackson County, & St. Louis City)	\$16.10 - \$25.75	\$8.33 - \$19.75
St. Louis County	\$14.70 - \$21.05	\$8.58 - \$20.50
Large City (Columbia, Joplin, Jefferson City, Springfield, St. Charles, St. Joseph, & Cape Girardeau)	\$15.20 - \$17.00	\$6.00 - \$15.46
Outstate (Kirksville, Mexico, Poplar Bluff, Hillsboro, Warrensburg, Maryville, and Rolla)	\$14.20 - \$17.75	\$5.63 - \$11.66

*Full service rates including tenant improvements as of November, 2004.

**Base/Full service rates including tenant improvements as of July, 2004.

Based on this market analysis, the Fiscal Year 2006-2007 biennial leasing budget was developed using the following per square foot budget factors for expiring leases:

<u>MARKET AREA</u>	<u>BUDGET FACTOR</u>
Metro	\$15.00
St. Louis County	\$17.85
Large City	\$11.50
Outstate	\$10.30

REALLOCATION OF CORE DOLLARS AND CENTRALIZED APPROPRIATION

For the Fiscal Year 2006-2007 biennium, DFM has redirected core dollars for all continuing lease requirements; thereby, eliminating the need for any new money in the leasing budget, including that needed to comply with Amendment 3 adopted by the voters to restrict the use of highway funds.

DFM works closely with state agencies on requests to obtain space for program needs in a cost-effective manner. A space analysis ensures compliance with established standards and use of space. Construction inspectors perform on-site inspections to ensure compliance with building codes and applicable laws. In addition to the centralized procurement process, the state's leasing obligations are identified in a single appropriation bill. The centralized appropriation allows for improved management of leasing costs, accountability of leasing operations, and reporting of the state's leasing activities.

Beginning in Fiscal Year 2002 the Missouri budget began using a biennial appropriations process for statewide leasing. As with the capital improvements appropriation bill, a biennial process permits the state to more economically manage leased facilities and the leasing procurement process.

The Fiscal Year 2006-2007 biennial leasing budget includes a contingency appropriation for rent shortfalls. It is critical to have a rent shortfall contingency appropriation in the leasing biennial budget so that the state does not default on payment of rent.

STATEWIDE LEASING

POLICY SUMMARY (Continued)

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

The Department of Elementary and Secondary Education occupies 40 leased facilities totaling over 251,000 square feet. Lease contracts are at locations statewide and include offices, warehouses, and parking for the Divisions of Vocational Rehabilitation and Disability Determination and State Schools for the Severely Handicapped.

Fiscal Year 2006 Governor's Recommendations

- (\$188,815) core reduction from the Fiscal Year 2005 appropriation level, including (\$1,700) general revenue.
- (\$55,492) reallocated to various departmental leasing budgets, including (\$13,365) general revenue.

DEPARTMENT OF HIGHER EDUCATION

The Department of Higher Education occupies two leased facilities totaling approximately 25,000 square feet in Jefferson City for the purpose of housing staff and operations for the Coordinating Board for Higher Education.

Fiscal Year 2006 Governor's Recommendations

- \$2,118 transferred from the Department of Higher Education's operating budget, including \$480 general revenue.
- (\$19,342) federal and other funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$18,946) reallocated to various departmental leasing budgets, including (\$18,658) general revenue.

DEPARTMENT OF REVENUE

The Department of Revenue occupies 24 leased facilities totaling over 152,500 square feet. Leases include offices, warehouses, and parking statewide for Motor Vehicle and Drivers Licensing offices, the State Lottery Commission, the State Tax Commission, and other divisions.

Fiscal Year 2006 Governor's Recommendations

- \$690,200 reallocated from various departmental leasing budgets.
- (\$1,120,373) core reduction from the Fiscal Year 2005 appropriation level, including (\$427,300) general revenue.
- (\$57,011) other funds reallocated to various departmental leasing budgets.

OFFICE OF ADMINISTRATION

Beginning with the Fiscal Year 1995 budget, appropriations for leasing have been consolidated into one appropriation bill. The biennial budget approach has been used since Fiscal Year 2002. As part of the consolidated effort, all multi-tenant leases have been consolidated to the Office of Administration. Additionally, rent for the Divisions of General Services, Design and Construction, Facilities Management, Information Services, and the Ethics Commission is paid by the Office of Administration. The Office of Administration occupies 18 leases totaling 83,200 square feet.

Fiscal Year 2006 Governor's Recommendations

- \$124,096 reallocated from various departmental leasing budgets, including \$50,000 general revenue.
- (\$68,349) reallocated to various departmental leasing budgets, including (\$51,489) general revenue.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture occupies ten leased facilities statewide totaling 29,000 square feet for the Divisions of Grain Inspection and Warehousing, Market Development, Plant Industries, and the State Milk Board.

Fiscal Year 2006 Governor's Recommendations

- (\$47,230) reallocated to various departmental leasing budgets, including (\$31,361) general revenue.
- (\$910) other funds core reduction from the Fiscal Year 2005 appropriation level.

STATEWIDE LEASING

POLICY SUMMARY (Continued)

DEPARTMENT OF NATURAL RESOURCES

The Department of Natural Resources occupies 19 leased facilities statewide totaling over 176,000 square feet for the Division of Energy, the Division of State Parks, and the regional offices of the Water Protection and Soil Conservation Division and the Air and Land Protection Division. Leases include offices, labs, and air monitoring sites.

Fiscal Year 2006 Governor's Recommendations

- (\$180,509) reallocated to the Department of Revenue's leasing budget.
- (\$115,381) federal funds core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

The Department of Economic Development occupies 44 leased facilities totaling over 242,000 square feet statewide for the Divisions of Workforce Development, Finance, Credit Unions, Tourism, Motor Carriers and Railroad Safety, Professional Registration, and the Public Service Commission. Leases include offices, warehouses, and parking.

Fiscal Year 2006 Governor's Recommendations

- \$9,824 transferred from the Department of Economic Development's operating budget, including \$8,126 general revenue.
- (\$294,703) reallocated to various departmental leasing budgets, including (\$26,812) general revenue.
- (\$170,300) core reduction from the Fiscal Year 2005 appropriation level, including (\$173) general revenue.

DEPARTMENT OF INSURANCE

The leasing budget includes funds for parking leases for the Department of Insurance.

Fiscal Year 2006 Governor's Recommendations

- (\$4,427) other funds reallocated to the Office of Administration's leasing budget.
- (\$423) other funds core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

The Department of Labor and Industrial Relations occupies 31 leased facilities statewide totaling over 42,000 square feet for the Office of the Director; Commission on Human Rights; Labor Commission; State Board of Mediation; and the Divisions of Employment Security, Workers' Compensation, and Labor Standards.

Fiscal Year 2006 Governor's Recommendations

- \$34,355 federal funds transferred from the Department of Labor and Industrial Relations' operating budget.
- \$22,107 federal and other funds reallocated from various departmental leasing budgets.
- (\$145,947) reallocated to various departmental leasing budgets, including (\$51,511) general revenue.
- (\$39,050) federal and other funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$21,238) transferred to the Department of Labor and Industrial Relations' operating budget.

STATEWIDE LEASING

POLICY SUMMARY (Continued)

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety occupies 101 leased facilities totaling over 184,000 square feet statewide for the Missouri State Highway Patrol, the Adjutant General, and the Gaming Commission. Leases include offices, warehouses, armories, hangers, parking, and land.

Fiscal Year 2006 Governor's Recommendations

- \$92,356 reallocated from various departmental leasing budgets, including \$35,571 general revenue.
- \$53,213 transferred from the Department of Public Safety's operating budget, including \$2,889 general revenue.
- (\$526,475) core reduction from the Fiscal Year 2005 appropriation level, including (\$20,853) general revenue.
- (\$116,704) federal and other funds reallocated to various departmental leasing budgets.

DEPARTMENT OF CORRECTIONS

The Department of Corrections occupies 90 leased facilities totaling over 590,000 square feet statewide for the Office of the Director, the Board of Probation and Parole, and Missouri Vocational Enterprises.

Fiscal Year 2006 Governor's Recommendations

- \$52,100 other funds transferred from the Department of Corrections' operating budget.
- \$1,190 other funds reallocated from the Department of Economic Development's leasing budget.
- (\$219,069) reallocated to various departmental leasing budgets.
- (\$146,094) core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF MENTAL HEALTH

The Department of Mental Health occupies 52 leased facilities totaling over 175,000 square feet statewide for the Office of the Director and the Divisions of Alcohol and Drug Abuse, Comprehensive Psychiatric Services, and Mental Retardation/Developmental Disabilities.

Fiscal Year 2006 Governor's Recommendations

- (\$267,460) reallocated to various departmental leasing budgets.
- (\$42,947) core reduction from the Fiscal Year 2005 appropriation level, including (\$15,971) general revenue.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

The Department of Health and Senior Services occupies 110 leased facilities totaling over 380,000 square feet statewide for local and district offices to support its operations.

Fiscal Year 2006 Governor's Recommendations

- \$158,786 reallocated from various departmental leasing budgets, including \$83,291 general revenue.
- (\$154,325) core reduction from the Fiscal Year 2005 appropriation level, including (\$75,378) general revenue.
- (\$8,730) other funds reallocated to the Department of Public Safety's leasing budget.

STATEWIDE LEASING

POLICY SUMMARY (Continued)

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services occupies 180 leased facilities totaling over 1.4 million square feet statewide for the Divisions of Child Support Enforcement, Data Processing, Family Services, General Services, Legal Services, Medical Services, and Youth Services.

Fiscal Year 2006 Governor's Recommendations

- \$67,068 transferred from the Department of Social Services' operating budget, including \$43,383 general revenue.
- \$226 other funds reallocated from the Department of Revenue's leasing budget.
- (\$2,137,111) core reduction from the Fiscal Year 2005 appropriation level, including (\$323,230) general revenue.
- (\$35,739) reallocated to the Department of Revenue's leasing budget.

ELECTED OFFICIALS

The Legislature, Attorney General, State Auditor, and Secretary of State occupy 21 leased facilities statewide totaling over 85,000 square feet and include offices, warehouses, and parking.

Fiscal Year 2006 Governor's Recommendations

- \$82,353 federal funds transferred from the Attorney General's operating budget.
- \$9,925 reallocated from various departmental leasing budgets, including \$9,637 general revenue.
- (\$193,327) reallocated to various departmental leasing budgets, including (\$47,459) general revenue.
- (\$146,736) other funds transferred to the Attorney General's operating budget.
- (\$6,895) core reduction from the Fiscal Year 2005 appropriation level, including (\$3,536) general revenue.

JUDICIARY

The Judiciary occupies five leased facilities totaling over 95,000 square feet in Jefferson City and Springfield for the Office of State Courts Administrator and the Court of Appeals. Upon restoration of the facility, the Eastern District Court of Appeals will occupy over 50,000 square feet in the historic U.S. Custom House and Post Office in St. Louis.

Fiscal Year 2006 Governor's Recommendations

- \$185,107 transferred from the Judiciary's operating budget.
- \$75,978 reallocated from various departmental leasing budgets, including \$74,733 general revenue.
- (\$51,903) core reduction from the Fiscal Year 2005 appropriation level, including (\$46,661) general revenue.

OPERATING BUDGET TRANSFER

Statewide leasing appropriations can only be used for rent, systems furniture, and related services for leased facilities. This transfer mechanism allows monies to be transferred from the leasing budget to the operating budget when funds are needed in state-owned rather than leased facilities. All transfers are cost neutral.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

SUPPLEMENTAL APPROPRIATIONS

The Governor's recommendations for Fiscal Year 2005 Supplemental Appropriations include \$116,134,004 general revenue, \$149,443,934 federal funds, and \$10,296,256 other funds, for a total of \$275,874,194.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF SPECIAL EDUCATION EXCEPTIONAL PUPIL AID

H.B. Sec. 14.005	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

State School Moneys Fund	\$ 145,855,982	\$ 145,855,982	\$ 3,006,542	\$ 3,006,542
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The Governor recommends \$3,006,542 for exceptional pupil aid.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF SCHOOL IMPROVEMENT A+ SCHOOLS

H.B. Sec. 14.010	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$ 46,860	\$ 46,860	\$ 0	\$ 0
Lottery Proceeds Fund	12,563,100	12,563,100	4,204,316	3,866,531
TOTAL	\$ 12,609,960	\$ 12,609,960	\$ 4,204,316	\$ 3,866,531

The Governor recommends \$3,866,531 for the A+ Schools Program.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF SPECIAL EDUCATION FIRST STEPS

H.B. Sec. 14.015	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$ 5,790,511	\$ 5,790,511	\$ 6,000,000	\$ 5,552,794
Federal Funds	10,506,837	10,506,837	0	0
Early Childhood Development, Education and Care Fund	5,286,042	5,286,042	0	0
TOTAL	\$ 21,583,390	\$ 21,583,390	\$ 6,000,000	\$ 5,552,794

The Governor recommends \$5,552,794 for the First Steps Program.

SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF REVENUE
DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING

H.B. Sec. 14.020	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 0	\$ 2,000E	\$ 2,000E
EXPENSE AND EQUIPMENT	0	0	3,000E	3,000E
TOTAL				
Department of Revenue Specialty Plate Fund	\$ 0	\$ 0	\$ 5,000	\$ 5,000

The Governor recommends \$5,000 on an open-ended basis to implement SB 1233 (2004).

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION

H.B. Sec. 14.025	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 0	\$ 0	\$ 150,000	\$ 150,000

The Governor recommends \$150,000 to implement HB 1182 (2004) to hold school districts and county governments harmless to tax credit redemption.

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION

H.B. Sec. 14.030	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 0	\$ 0	\$ 1,000E	\$ 1,000E

The Governor recommends \$1,000 on an open-ended basis to implement SB 1099 (2004) to satisfy local sales tax delinquencies.

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION

H.B. Sec. 14.035	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
TRANSFER				
General Revenue Fund	\$ 0	\$ 0	\$ 9,000E	\$ 9,000E

The Governor recommends \$9,000 on an open-ended basis for transfer to various income tax check-off funds.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION**

H.B. Sec. 14.040	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
TRANSFER				
American Cancer Society, Heartland Division, Inc., Fund	\$ 0	\$ 0	\$ 250E	\$ 250E
ALS Lou Gehrig's Disease Fund	0	0	250E	250E
American Lung Association of Missouri Fund	0	0	250E	250E
Muscular Dystrophy Association Fund	0	0	250E	250E
Arthritis Foundation Fund	0	0	250E	250E
National Multiple Sclerosis Society Fund	0	0	250E	250E
American Diabetes Association Gateway Area Fund	0	0	250E	250E
American Heart Association Fund	0	0	250E	250E
March of Dimes Fund	0	0	250E	250E
TOTAL	\$ 0	\$ 0	\$ 2,250	\$ 2,250

The Governor recommends \$2,250 on an open-ended basis for transfer to general revenue from various income tax check-off funds.

**DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION**

H.B. Sec. 14.045	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
American Cancer Society, Heartland Division, Inc., Fund	\$ 0	\$ 0	\$ 1,000E	\$ 1,000E
ALS Lou Gehrig's Disease Fund	0	0	1,000E	1,000E
American Lung Association of Missouri Fund	0	0	1,000E	1,000E
Muscular Dystrophy Association Fund	0	0	1,000E	1,000E
Arthritis Foundation Fund	0	0	1,000E	1,000E
National Multiple Sclerosis Society Fund	0	0	1,000E	1,000E
American Diabetes Association Gateway Area Fund	0	0	1,000E	1,000E
American Heart Association Fund	0	0	1,000E	1,000E
March of Dimes Fund	0	0	1,000E	1,000E
TOTAL	\$ 0	\$ 0	\$ 9,000	\$ 9,000

The Governor recommends \$9,000 on an open-ended basis for distribution from various income tax check-off funds to charitable foundations.

**OFFICE OF ADMINISTRATION
KIDS ASSISTIVE TECHNOLOGY**

H.B. Sec. 14.050	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 0	\$ 0	\$ 200,000	\$ 200,000

The Governor recommends \$200,000 to pay for adaptive equipment and home modifications for children with disabilities through the Kids Assistive Technology Program.

**SUPPLEMENTAL APPROPRIATIONS
OFFICE OF ADMINISTRATION
PUBLIC DEBT ADJUSTMENTS**

H.B. Sec.	14.055	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$	30,654	\$	30,654	\$	1E	\$	1E
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The Governor recommends \$1 on an open-ended basis to pay annual paying agent and escrow agent fees, arbitrage rebates, refunding costs, and other costs associated with HB 1005 debt. Language allowing these payments was left out of HB 1005 in Fiscal Year 2005.

**OFFICE OF ADMINISTRATION
BOARD OF UNEMPLOYMENT FUND FINANCING TRANSFER**

H.B. Sec.	14.060	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

Special Employment Security Fund	\$	0	\$	0	\$	1E	\$	1E
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The Governor recommends \$1 on an open-ended basis to transfer money from the Special Employment Security Fund into the Special Employment Security Principal and Interest Fund which will be used to pay principal and interest on any debt issued by the Board of Unemployment Fund Financing.

**OFFICE OF ADMINISTRATION
BOARD OF UNEMPLOYMENT FUND FINANCING COST OF ISSUANCE**

H.B. Sec.	14.065	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Special Employment Security Fund - Bond Proceeds	\$	0	\$	0	\$	1E	\$	1E
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The Governor recommends \$1 on an open-ended basis to pay for a financial advisor, bond counsel, rating agency, and other fees associated with cost of issuance of Board of Unemployment Fund Financing debt.

**OFFICE OF ADMINISTRATION
HEALTHY FAMILIES TRUST FUND GENERAL REVENUE TRANSFER**

H.B. Sec.	14.070	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Healthy Families Trust Fund	\$	60,622,939	\$	70,715,848	\$	1E	\$	1E
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The Governor recommends \$1 on an open-ended basis in order to utilize additional tobacco settlement proceeds the state expects to receive in Fiscal Year 2005.

**SUPPLEMENTAL APPROPRIATIONS
OFFICE OF ADMINISTRATION
CLARENCE CANNON DAM TRANSFER**

H.B. Sec. 14.075	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

General Revenue Fund	\$	550,000	\$	550,000	\$	5,000E	\$	5,000E
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The Governor recommends the transfer of \$5,000 on an open-ended basis to the Water Development Fund to pay the Corps of Engineers for maintenance and water supply rental costs at the Clarence Cannon Dam.

**OFFICE OF ADMINISTRATION
CLARENCE CANNON DAM PAYMENT**

H.B. Sec. 14.080	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

Water Development Fund	\$	550,000	\$	550,000	\$	5,000E	\$	5,000E
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The Governor recommends \$5,000 on an open-ended basis to pay the Corps of Engineers for maintenance and water supply rental costs at the Clarence Cannon Dam.

**OFFICE OF ADMINISTRATION
JUVENILE COURT PERSONNEL**

H.B. Sec. 14.085	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$	5,571,900	\$	5,571,900	\$	3,150	\$	3,150
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The Governor recommends \$3,150 for statutorily required expenses for juvenile court personnel.

**OFFICE OF ADMINISTRATION
COSTS IN CRIMINAL CASES**

H.B. Sec. 14.090	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$	29,860,616	\$	29,860,616	\$	5,700,000	\$	5,700,000
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The Governor recommends \$5,700,000 for payment to counties for the net amount of costs in criminal cases, transportation of convicted criminals to state penitentiaries, and costs for reimbursement of expenses associated with extradition pursuant to Section 600.040, RSMo.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF WORKFORCE DEVELOPMENT
JOBS RETENTION TRAINING PROGRAM**

H.B. Sec. 14.095	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Missouri Community College Job Retention Training Program Fund	\$	0	\$	0	\$	1,000,000	\$	1,000,000
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The Governor recommends \$1,000,000 to implement the Jobs Retention Training Program established pursuant to SB 1155 (2004).

**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF COMMUNITY DEVELOPMENT
DELTA REGIONAL AUTHORITY**

H.B. Sec. 14.100	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$	0	\$	0	\$	80,000	\$	80,000
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The Governor recommends \$80,000 to pay annual dues to the Delta Regional Authority contingent upon receipt of federal funds for program activities.

**DEPARTMENT OF PUBLIC SAFETY
DIRECTOR'S OFFICE
REGIONAL CRIME LABORATORY**

H.B. Sec. 14.105	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$	0	\$	0	\$	72,000	\$	72,000
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The Governor recommends \$72,000 to support operations of the Missouri Southern Crime Laboratory.

**DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
GASOLINE PURCHASE**

H.B. Sec. 14.110	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$	138,437	\$	138,437	\$	75,557	\$	71,404
Gaming Commission Fund		170,772		170,772		75,557		75,557
State Highways and Transportation Department Fund		<u>1,733,377</u>		<u>1,733,377</u>		<u>663,054</u>		<u>611,053</u>
TOTAL	\$	2,042,586	\$	2,042,586	\$	814,168	\$	758,014

The Governor recommends \$758,014 for fuel cost increases.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
CRIME LABORATORY**

H.B. Sec. 14.115	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT DNA Profiling Analysis Fund	\$ 0	\$ 0	\$ 500,000	\$ 500,000
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The Governor recommends \$500,000 to purchase swab kits for the DNA All Felon Program.

**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS' COMMISSION
VETERANS' HOMES**

H.B. Sec. 14.120	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT General Revenue Fund	\$ 3,156,905	\$ 687,832	\$ 1,500,000	\$ 1,479,365
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The Governor recommends \$1,479,365 to continue services at the veterans' homes statewide.

**DEPARTMENT OF PUBLIC SAFETY
OFFICE OF ADJUTANT GENERAL
CONTRACT SERVICES**

H.B. Sec. 14.125	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PERSONAL SERVICE Federal Funds	\$ 8,964,257	\$ 9,047,002	\$ 381,618	\$ 381,618
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The Governor recommends \$381,618 and ten staff to open the new helicopter maintenance shop in Springfield.

**DEPARTMENT OF CORRECTIONS
FUEL AND UTILITIES**

H.B. Sec. 14.130	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT General Revenue Fund	\$ 20,638,106	\$ 20,643,388	\$ 1,880,142	\$ 1,260,840
Working Capital Revolving Fund	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 22,138,106	\$ 22,143,388	\$ 1,880,142	\$ 1,260,840

The Governor recommends \$1,260,840 for expected increases related to the fuel and utilities at correctional institutions statewide and for debt service on wastewater treatment infrastructure.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF CORRECTIONS
FUEL AND UTILITIES FOR BOARD OF PUBLIC BUILDING FACILITIES**

H.B. Sec. 14.135	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$ 3,366,074	\$ 3,366,074	\$ 95,067	\$ 95,067
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The Governor recommends \$95,067 for expected increases for fuel and utilities at correctional institutions in Farmington and Fulton.

**DEPARTMENT OF MENTAL HEALTH
DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES
FUEL AND UTILITIES**

H.B. Sec. 14.140	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$ 150,000	\$ 4,726,109	\$ 150,000	\$ 150,000
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The Governor recommends \$150,000 to pay for utilities for state-operated psychiatric facilities.

**DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF COMMUNITY HEALTH
WOMEN, INFANTS AND CHILDREN SUPPLEMENTAL NUTRITION PROGRAM**

H.B. Sec. 14.145	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Federal Funds	\$ 95,470,273	\$ 97,470,273	\$ 6,800,000	\$ 6,800,000
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The Governor recommends \$6,800,000 to cover rising food costs and increased growth within the Women, Infants and Children Program.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF BUDGET AND FINANCE
COUNTY PAYMENTS FOR DELINQUENT OR DEPENDENT YOUTH**

H.B. Sec. 14.150	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$ 3,192,000	\$ 3,192,000	\$ 110,000	\$ 110,000
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The Governor recommends \$110,000 to reimburse counties for the care of delinquent or dependent youth.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SUPPORT
ELECTRONIC BENEFIT TRANSFERS SYSTEM**

H.B. Sec. 14.155	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$ 3,599,415	\$ 3,749,415	\$ 330,627	\$ 330,627
Federal and Other Sources	<u>3,041,481</u>	<u>3,191,481</u>	<u>281,644</u>	<u>281,644</u>
TOTAL	\$ 6,640,896	\$ 6,940,896	\$ 612,271	\$ 612,271

The Governor recommends \$277,004 for increased expenditures due to increased food stamp caseloads; \$232,614 cost-to-continue for relocating the call center to Missouri; and \$102,653 for increased contractor costs due to a Federal Communications Commission rate increase for pay phones.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SUPPORT
BLIND PENSION**

H.B. Sec. 14.160	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Blind Pension Fund	\$ 21,505,269	\$ 21,505,269	\$ 445,320	\$ 445,320
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The Governor recommends \$445,320 for a rate increase of \$10 per month for eligible recipients of blind pension funds.

**DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION
RESIDENTIAL CARE TREATMENT SERVICES**

H.B. Sec. 14.165	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$ 56,727,083	\$ 56,727,083	\$ 871,130	\$ 871,130
Federal and Other Sources	<u>53,080,726</u>	<u>53,080,726</u>	<u>579,544</u>	<u>579,544</u>
TOTAL	\$ 109,807,909	\$ 109,807,809	\$ 1,450,674	\$ 1,450,674

The Governor recommends \$1,450,674 for a service rate increase for residential care providers.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION
ADOPTION/GUARDIANSHIP SUBSIDY**

H.B. Sec. 14.170	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 42,034,513	\$ 42,034,513	\$ 5,172,054	\$ 5,172,054
Federal and Other Sources	<u>18,388,686</u>	<u>18,388,686</u>	<u>1,810,716</u>	<u>1,810,716</u>
TOTAL	\$ 60,423,199	\$ 60,423,199	\$ 6,982,770	\$ 6,982,770

The Governor recommends \$6,982,770 for adoption and guardianship subsidy caseload growth.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
PHARMACY**

H.B. Sec. 14.175	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 308,233,142	\$ 276,303,233	\$ 10,404,825	\$ 10,404,825
Title XIX-Federal and Other Funds	751,432,402	710,635,826	7,177,705	7,177,705
Pharmacy Rebates Fund	96,303,828E	96,303,828	0	0
Third Party Liability Collections Fund	0	5,860,000	0	0
Intergovernmental Transfer Fund	10,575,694	10,575,694	0	0
Pharmacy Reimbursement Allowance Fund	61,984,630	61,984,630	0	0
Health Initiatives Fund	969,293	969,293	0	0
Healthy Families Trust Fund-Health Care Account	<u>1,041,034</u>	<u>1,041,034</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 1,230,540,023	\$ 1,163,673,538	\$ 17,582,530	\$ 17,582,530

The Governor recommends \$3,183,600 to annualize the increase in Medicaid eligibility to 95 percent FPL; \$8,538,930 to increase Medicaid eligibility to 100 percent FPL for the elderly and the disabled pursuant to HB 3 (2001 Special Session); and \$5,860,000 to meet an anticipated TPL collections shortfall in program funding.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
PHYSICIANS**

H.B. Sec. 14.180	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 120,688,711	\$ 132,028,794	\$ 2,466,262	\$ 2,466,262
Title XIX-Federal and Other Funds	198,054,056	217,337,609	1,304,926	1,304,926
Third Party Liability Collections Fund	0	1,870,000	0	0
Health Initiatives Fund	1,247,544	1,247,544	0	0
Healthy Families Trust Fund-Health Care Account	<u>1,041,034</u>	<u>1,041,034</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 321,031,345	\$ 353,524,981	\$ 3,771,188	\$ 3,771,188

The Governor recommends \$578,787 to annualize the increase in Medicaid eligibility to 95 percent FPL; \$1,552,401 to increase Medicaid eligibility to 100 percent FPL for the elderly and the disabled pursuant to HB 3 (2001 Special Session); and \$1,640,000 to meet an anticipated TPL collections shortfall in program funding.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
DENTAL**

H.B. Sec. 14.185	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 11,578,141	\$ 12,129,091	\$ 64,684	\$ 64,684
Title XIX-Federal and Other Funds	19,738,384	19,976,784	102,156	102,156
Health Initiatives Fund	71,162	71,162	0	0
Healthy Families Trust Fund-Health Care Account	<u>848,773</u>	<u>848,773</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 32,236,460	\$ 33,025,810	\$ 166,840	\$ 166,840

The Governor recommends \$45,310 to annualize the increase in Medicaid eligibility to 95 percent FPL and \$121,530 to increase Medicaid eligibility to 100 percent FPL for the elderly and the disabled pursuant to HB 3 (2001 Special Session).

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
NURSING FACILITIES**

H.B. Sec. 14.190	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 76,731,086	\$ 99,690,642	\$ 1,100,000	\$ 1,100,000
Title XIX-Federal and Other Funds	248,477,461	286,416,373	0	0
Uncompensated Care Fund	58,516,478	58,516,478	0	0
Intergovernmental Transfer Fund	20,000,000	20,000,000	0	0
Nursing Facility Federal Reimbursement Allowance Fund	1,072,284	1,072,284	0	0
Healthy Families Trust Fund-Health Care Account	<u>17,973</u>	<u>17,973</u>	<u>0</u>	<u>0</u>
Third Party Liability Collections Fund	<u>1,093,433</u>	<u>2,193,433</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 405,908,715	\$ 467,907,183	\$ 1,100,000	\$ 1,100,000

The Governor recommends \$1,100,000 to meet an anticipated TPL collections shortfall in program funding.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
REHABILITATION AND SPECIALTY**

H.B. Sec. 14.195	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 43,398,189	\$ 44,783,354	\$ 662,241	\$ 662,241
Title XIX-Federal and Other Funds	70,160,730	72,348,341	1,045,888	1,045,888
Healthy Families Trust Fund-Health Care Account	<u>831,745</u>	<u>831,745</u>	<u>0</u>	<u>0</u>
Health Initiatives Fund	<u>194,881</u>	<u>194,881</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 114,585,545	\$ 118,158,321	\$ 1,708,129	\$ 1,708,129

The Governor recommends \$463,893 to annualize the increase in Medicaid eligibility to 95 percent FPL and \$1,244,236 to increase Medicaid eligibility to 100 percent FPL for the elderly and the disabled pursuant to HB 3 (2001 Special Session).

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
NON-EMERGENCY MEDICAL TRANSPORTATION**

H.B. Sec. 14.200	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue	\$ 11,254,770	\$ 11,254,770	\$ 6,885,759	\$ 6,885,759
Title XIX-Federal and Other Funds	<u>16,013,070</u>	<u>18,371,370</u>	<u>4,448,602</u>	<u>4,448,602</u>
TOTAL	\$ 27,267,840	\$ 29,626,140	\$ 11,334,361	\$ 11,334,361

The Governor recommends \$11,334,361 to meet non-emergency medical transportation contract needs.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
STATE CHILDREN'S HEALTH INSURANCE PROGRAM**

H.B. Sec. 14.205	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 0	\$ 0	\$ 34,048	\$ 34,048
Title XIX-Federal and Other Funds	81,597,312	81,027,493	91,451	91,451
Federal Reimbursement Allowance Fund	8,191,223	8,191,223	0	0
Health Initiatives Fund	5,048,112	5,048,112	0	0
Pharmacy Rebates Fund	225,430	225,430	0	0
Pharmacy Reimbursement Allowance Fund	201,394	201,394	0	0
Intergovernmental Transfer Fund	16,656,269	16,424,469	0	0
Premium Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 112,919,740	\$ 112,118,121	\$ 125,499	\$ 125,499

The Governor recommends \$125,499 to fund coverage of State Children's Health Insurance Program eligibles with special health care needs for the six-month waiting period that has been eliminated in HB 1453 (2004).

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
MEDICAID SUPPLEMENTAL POOL**

H.B. Sec. 14.210	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 0	\$ 0	\$ 73,490,035	\$ 73,490,035
Title XIX-Federal and Other Funds	24,107,486E	24,107,486E	124,531,532	124,531,532
Premium Fund	3,837,940	3,837,940	0	0
Third Party Liability Collections Fund	7,571,156	7,571,156	0	0
Uncompensated Care Fund	1E	1E	0	0
Pharmacy Rebates Fund	1E	1E	0	0
Federal Reimbursement Allowance Fund	1E	1E	0	0
Nursing Facility Federal Reimbursement Allowance Fund	<u>181,500</u>	<u>181,500</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 35,698,085	\$ 35,698,085	\$ 198,021,567	\$ 198,021,567

The Governor recommends \$198,021,567 for additional anticipated costs of existing Medicaid programs.

**SUPPLEMENTAL APPROPRIATIONS
ATTORNEY GENERAL**

H.B. Sec. 14.215	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE				
General Revenue Fund	\$ 10,210,142	\$ 10,336,378	\$ 38,219	\$ 38,219
Federal Funds	1,544,737	1,535,812	114,656	114,656
Other Funds	3,405,940	3,467,885	0	0
EXPENSE AND EQUIPMENT				
General Revenue Fund	2,045,836	1,647,344	24,499	24,499
Federal Funds	0	615,412	73,496	73,496
Other Funds	3,679,338	3,425,068	0	0
TOTAL	\$ 20,885,993	\$ 21,027,899	\$ 250,870	\$ 250,870
General Revenue Fund	12,255,978	11,983,722	62,718	62,718
Federal Funds	1,544,737	2,151,224	188,152	188,152
Other Funds	7,085,278	6,892,953	0	0

The Governor recommends \$71,250 and 10 staff to represent the state in Medicaid reimbursement cases and \$179,620 and 11 staff to seek judicial action on pending parental termination cases.

**ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES**

H.B. Sec. 14.220	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE AND/OR EXPENSE AND EQUIPMENT				
Federal Funds	\$ 1,056,613	\$ 1,057,748	\$ 0	\$ 0
Missouri Office of Prosecution Services Fund	383,392	384,638	20,000	20,000
Missouri Office of Prosecution Services Revolving Fund	150,000E	150,000E	0	0
TOTAL	\$ 1,590,005	\$ 1,592,386	\$ 20,000	\$ 20,000

The Governor recommends \$20,000 to fund the Witness Protection Program.

**OFFICE OF PUBLIC DEFENDER
TRAINING AND PROFESSIONAL DEVELOPMENT**

H.B. Sec. 14.225	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
Legal Defense and Defender Fund	\$ 1,157,356	\$ 1,157,356	\$ 750,000	\$ 750,000

The Governor recommends \$750,000 to fund training and professional development of public defenders.

CAPITAL IMPROVEMENTS

POLICY SUMMARY

The State of Missouri owns and operates many facilities throughout the state. These facilities serve as the base from which essential state services are provided. Good stewardship of state facilities demands adequate resources be devoted to facility upkeep. Governor Blunt's capital improvements budget for the Fiscal Year 2006-2007 biennium focuses on essential maintenance, repair, and corrective construction needed to adequately maintain state assets.

Missouri uses a biennial appropriations process for capital improvements. A biennial approach permits the state to complete projects more efficiently and economically, improves capital planning, and reduces the need for reappropriations. Table 1 summarizes the \$297 million capital improvements program for the Fiscal Years 2006-2007 biennial budget:

- \$156.5 million is recommended for Fiscal Year 2006, including \$32.7 million general revenue.
- \$140.4 million is recommended for Fiscal Year 2007, including \$61.9 million general revenue.

Tables 2 and 3 illustrate the allocation of funds among state agencies for the projects recommended by the Governor for Fiscal Years 2006-2007. As the tables indicate, the Governor recommends:

- \$183.1 million for planning, renovation, new construction, land acquisition, and other improvements, including \$13.5 million general revenue.
- \$113.8 million for vital maintenance and repairs to state-owned facilities, including \$81.1 million general revenue.

ENHANCING MISSOURI STATE PARKS AND HISTORIC SITES

Since the one-tenth of one percent Parks and Soil Sales Tax was first approved in 1984, visitors to our state parks and historic sites have benefited greatly. The Department of Natural Resources has used the sales tax proceeds to remodel campgrounds, pave campground roads, build new shower houses and restrooms, make landscape and building renovations, and provide new education and site interpretation centers and programs. The Governor recommends \$13.3 million for construction and maintenance projects at Missouri state parks and historic sites in the biennial budget, including:

- \$9.2 million for various maintenance and repair projects statewide.
- \$4.1 million for construction, major renovations, and improvements to state park facilities and historic sites.

IMPROVEMENTS AT STATE BOARD OPERATED SCHOOLS

In addition to funding from the Facilities Maintenance Reserve Fund, a portion of anticipated Fiscal Years 2006-2007 bingo revenue is recommended for capital improvement projects at State Board Operated Schools, the Missouri School for the Blind, and the Missouri School for the Deaf, including:

- \$5.6 million for maintenance and repair projects.

OTHER CAPITAL IMPROVEMENTS

The Governor's budget includes funds to improve state office buildings for program use and to take essential preservation actions to maintain the structural integrity of Missouri government facilities. State agencies need well-maintained facilities in order to serve the public effectively. The Fiscal Years 2006-2007 budget includes:

- \$121 million for projects at Missouri National Guard facilities, including \$62.3 million for a specially designed aviation hangar and maintenance facility in Springfield. This facility will provide aircraft maintenance operations for National Guard units from 14 states.
- \$44 million to acquire, develop, improve, and repair Department of Conservation facilities.
- \$27.5 million for maintenance and repairs at Department of Mental Health facilities.
- \$26 million for construction, maintenance and repair projects at Department of Corrections' facilities.
- \$11.3 million for construction, maintenance and repair projects at Highway Patrol facilities, including \$5.7 million for new commercial drivers licensing sites in Rolla, Carthage, and St. Louis.
- \$11.2 million for replacement of the Department of Labor and Industrial Relations' state office building in Kansas City. This project will be funded by proceeds from the sale of the old building.
- \$3.9 million for maintenance and repair projects at veterans' homes.
- \$3.1 million for maintenance and repair projects at youth services' facilities statewide.
- \$2.3 million for maintenance and repair projects at the Missouri State Fairgrounds.

TABLE 1**FISCAL YEARS 2006 - 2007 CAPITAL IMPROVEMENTS SUMMARY**

	General Revenue	Facilities Maintenance Reserve Fund*	Federal	Other Funds	Total
Maintenance and Repair					
First Year of Biennium	\$ 200,000	\$ 20,000,000	\$ 3,599,884	\$ 15,425,614	\$ 39,225,498
Second Year of Biennium	200,000	60,686,755	3,025,000	10,641,001	74,552,756
Subtotal	400,000	80,686,755	6,624,884	26,066,615	113,778,254
Construction					
First Year of Biennium	12,455,015	0	76,209,557	28,602,873	117,267,445
Second Year of Biennium	995,510	0	36,440,865	28,438,487	65,874,862
Subtotal	13,450,525	0	112,650,422	57,041,360	183,142,307
Total for First Year of Biennium	12,655,015	20,000,000	79,809,441	44,028,487	156,492,943
Total for Second Year of Biennium	1,195,510	60,686,755	39,465,865	39,079,488	140,427,618
Grand Total	\$ 13,850,525	\$ 80,686,755	\$ 119,275,306	\$ 83,107,975	\$ 296,920,561

*These expenditures will be funded through a general revenue transfer.

TABLE 2

FISCAL YEARS 2006 - 2007 CAPITAL IMPROVEMENTS SUMMARY

MAINTENANCE AND REPAIR

	General Revenue	Facilities Maintenance Reserve Fund*	Federal	Other Funds	Total
Elementary and Secondary Education	\$ 0	\$ 3,732,741	\$ 0	\$ 1,850,000	\$ 5,582,741
Revenue	0	0	0	338,164	338,164
Office of Administration and Statewide	400,000	22,892,641	1	1,850,003	25,142,645
Agriculture	0	2,271,730	0	0	2,271,730
Natural Resources	0	612,105	50,000	8,545,000	9,207,105
Economic Development	0	550,177	0	0	550,177
Labor and Industrial Relations	0	0	0	1,318,478	1,318,478
Public Safety	0	5,041,078	6,574,883	4,168,738	15,784,699
Corrections	0	17,096,203	0	5,983,773	23,079,976
Mental Health	0	27,453,088	0	0	27,453,088
Social Services	0	1,036,992	0	2,012,459	3,049,451
TOTAL	\$ 400,000	\$ 80,686,755	\$ 6,624,884	\$ 26,066,615	\$ 113,778,254

*These expenditures will be funded through a general revenue transfer.

TABLE 3

FISCAL YEARS 2006 - 2007 CAPITAL IMPROVEMENTS SUMMARY

CONSTRUCTION

	<u>General Revenue</u>	<u>Federal</u>	<u>Other Funds</u>	<u>Total</u>
Office of Administration and Statewide	\$ 0	\$ 0	\$ 406,187	\$ 406,187
Natural Resources	0	50,000	4,015,000	4,065,000
Conservation	0	0	44,000,000	44,000,000
Labor and Industrial Relations	11,180,580	0	0	11,180,580
Public Safety	2,269,945	109,600,422	8,620,173	120,490,540
Corrections	<u>0</u>	<u>3,000,000</u>	<u>0</u>	<u>3,000,000</u>
TOTAL	\$ 13,450,525	\$ 112,650,422	\$ 57,041,360	\$ 183,142,307